

# *Financing Higher Education for Access and Success*

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# *Financial Policy in Higher Education*

## **Typically Consists of:**

- Myriad Separate Policies
- Focused on Different Topics
- Enacted at Different Times
- By Different Policymaking Bodies
- For Different Reasons



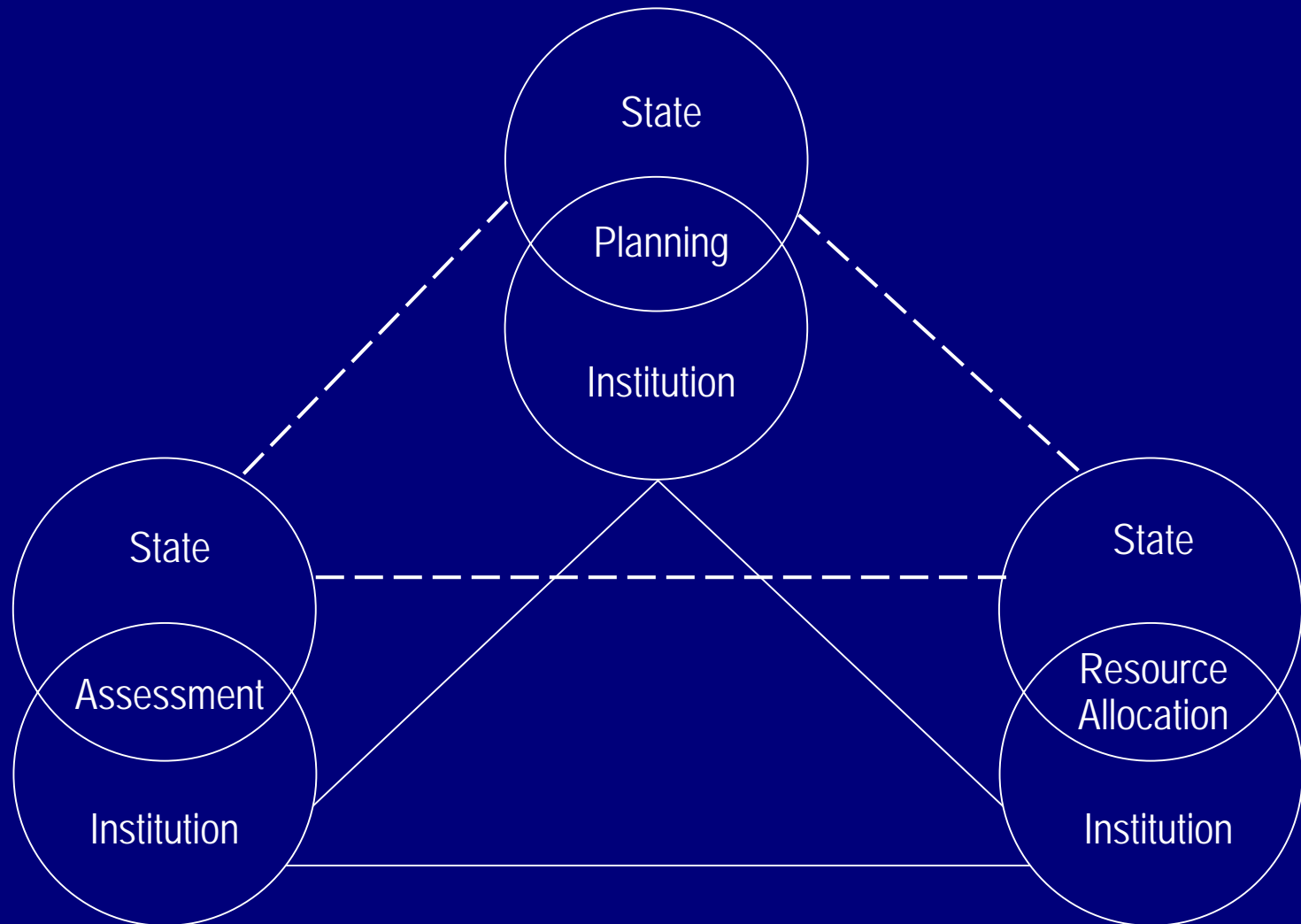
**A Recipe for Contradiction and Confusion**

## *Key Components*

**An Effective Policy Environment Is One in Which the Key Components Are Aligned—Mutually Reinforcing**

- Planning and Priority Setting
- Finance
- Evaluation/Accountability

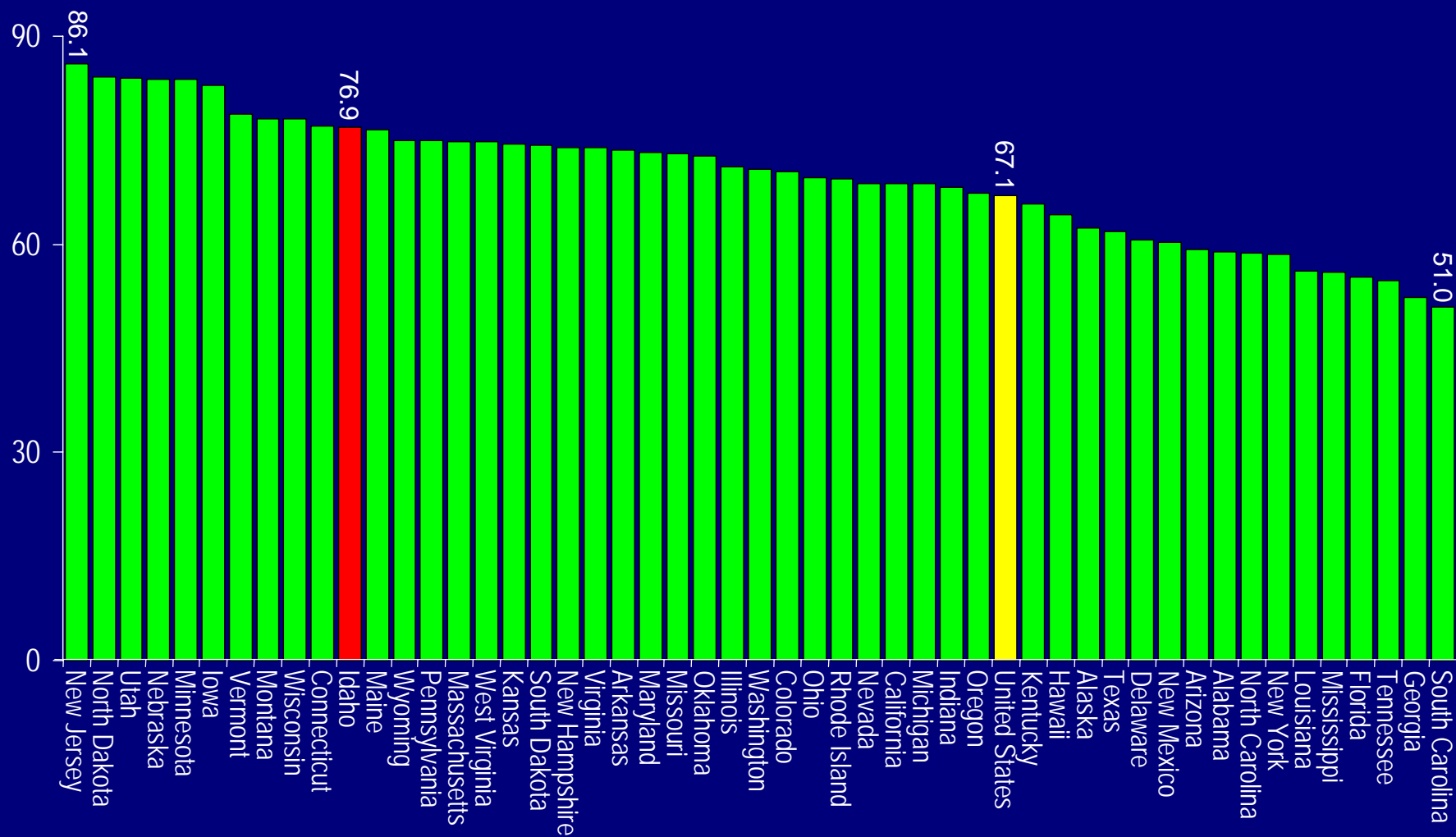
# *The Management Cycle in a Public Institution*



## *State Policy Objectives*

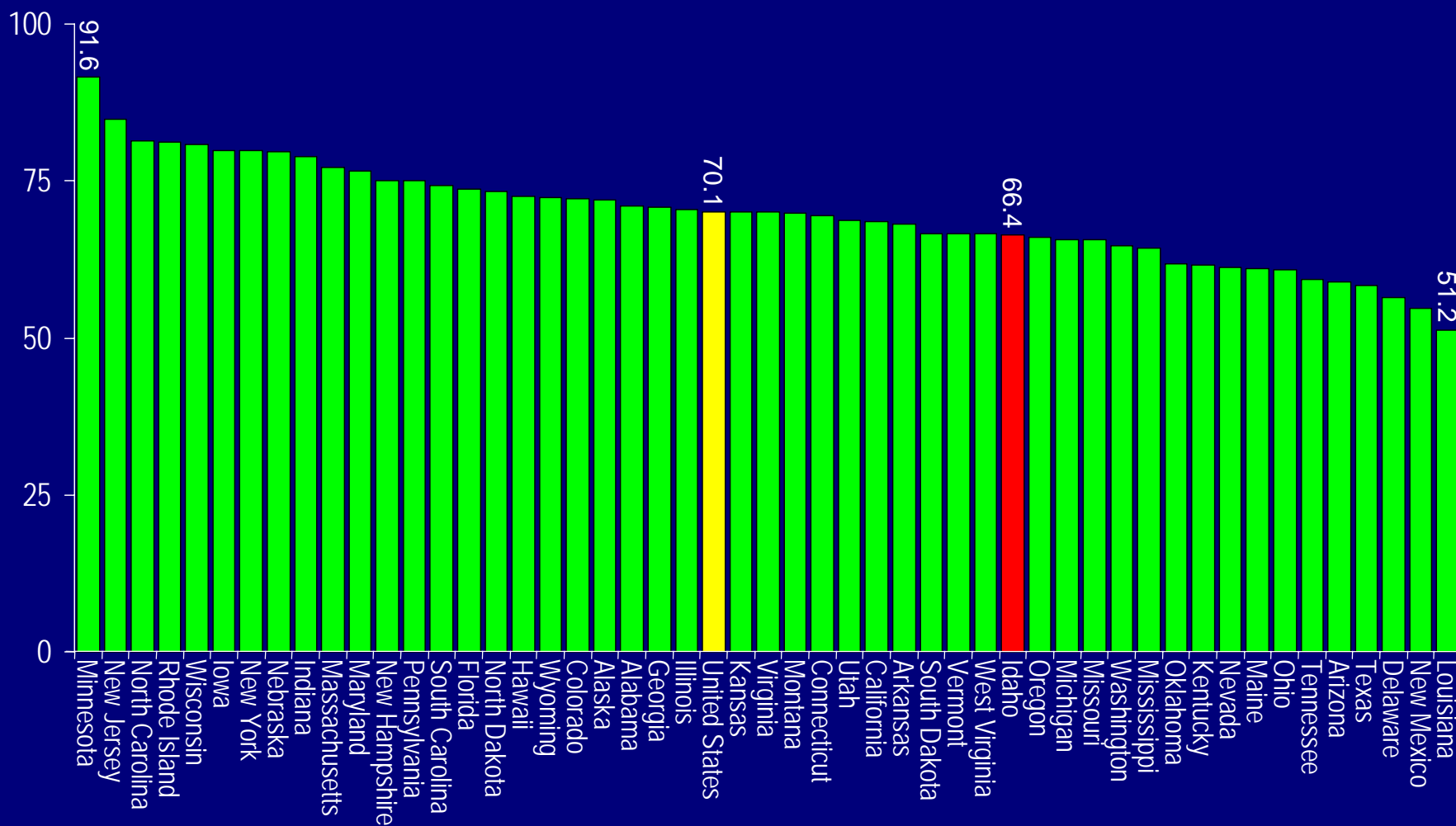
- High Rates of High School Completion of Students Who Have Taken an Academically Rigorous Curriculum
- High Levels of College Participation of Both Recent High School Graduates and Adult Learners
- High Rates of College Degree Completion
- High Levels of Degree Production in Selected Fields
- An Economy That Employs a High Proportion of College Graduates

# *High School Graduation Rates—Public High School Graduates as a Percent of 9th Graders Four Years Earlier, 2000*



Source: Tom Mortenson, Postsecondary Opportunity

# *Percent of 7<sup>th</sup>–12<sup>th</sup> Graders Taught by Teachers with a Major in Their Subjects, 1999-2000*



# MEASURING UP 2004

THE STATE REPORT CARD  
ON HIGHER EDUCATION

## PREPARATION

2004 Idaho

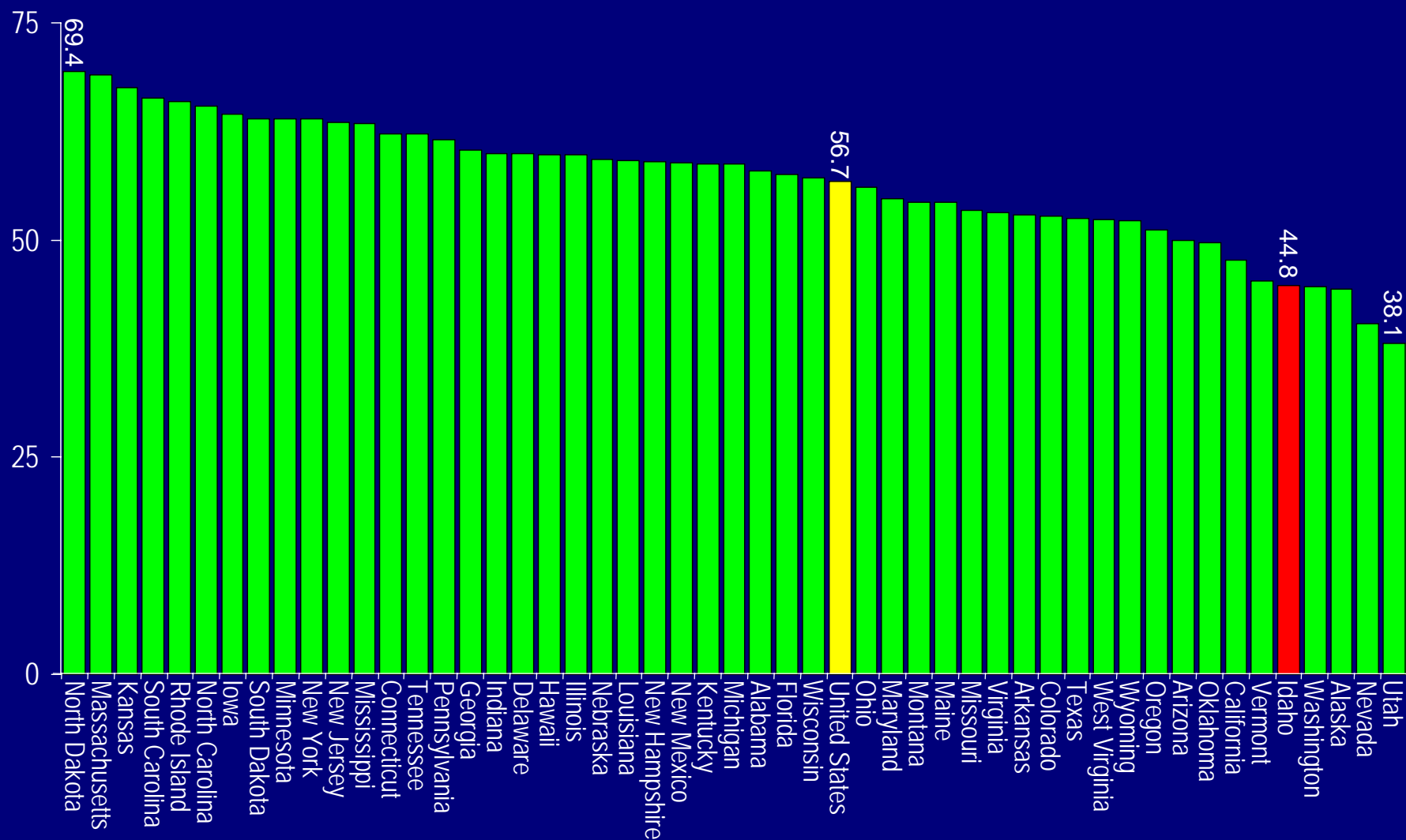
PREPARATION	IDAHO		Top States 2004
	A Decade Ago	2004	
<b>High School Completion (20%)</b>			
18- to 24-year-olds with a high school credential	85%	89%*	94%
<b>K-12 Course Taking (35%)</b>			
9th to 12th graders taking at least one upper-level math course	40%	40%	59%
9th to 12th graders taking at least one upper-level science course	20%	18%	41%
8th grade students taking algebra	14%	27%	35%
12th graders taking at least one upper-level math course	n/a	25%	66%
<b>K-12 Student Achievement (35%)</b>			
8th graders scoring at or above "proficient" on the national assessment exam:			
in math	22%	28%	36%
in reading	n/a	32%	39%
in science	n/a	38%	42%
in writing	n/a	29%	41%
Low-income 8th graders scoring at or above "proficient" on the national assessment exam in math	n/a	17%	23%
Number of scores in the top 20% nationally on SAT/ACT college entrance exam per 1,000 high school graduates	147	157	227
Number of scores that are 3 or higher on an Advanced Placement subject test per 1,000 high school juniors and seniors	35	74	219
<b>Teacher Quality (10%)</b>			
<i>7th to 12th graders taught by teachers with a major in their subject</i>	50%	66%	81%

\*Eighty percent of 18- to 24-year-olds have a regular high school diploma; 9% have a GED.

Note: Indicators in italics are new for 2004.

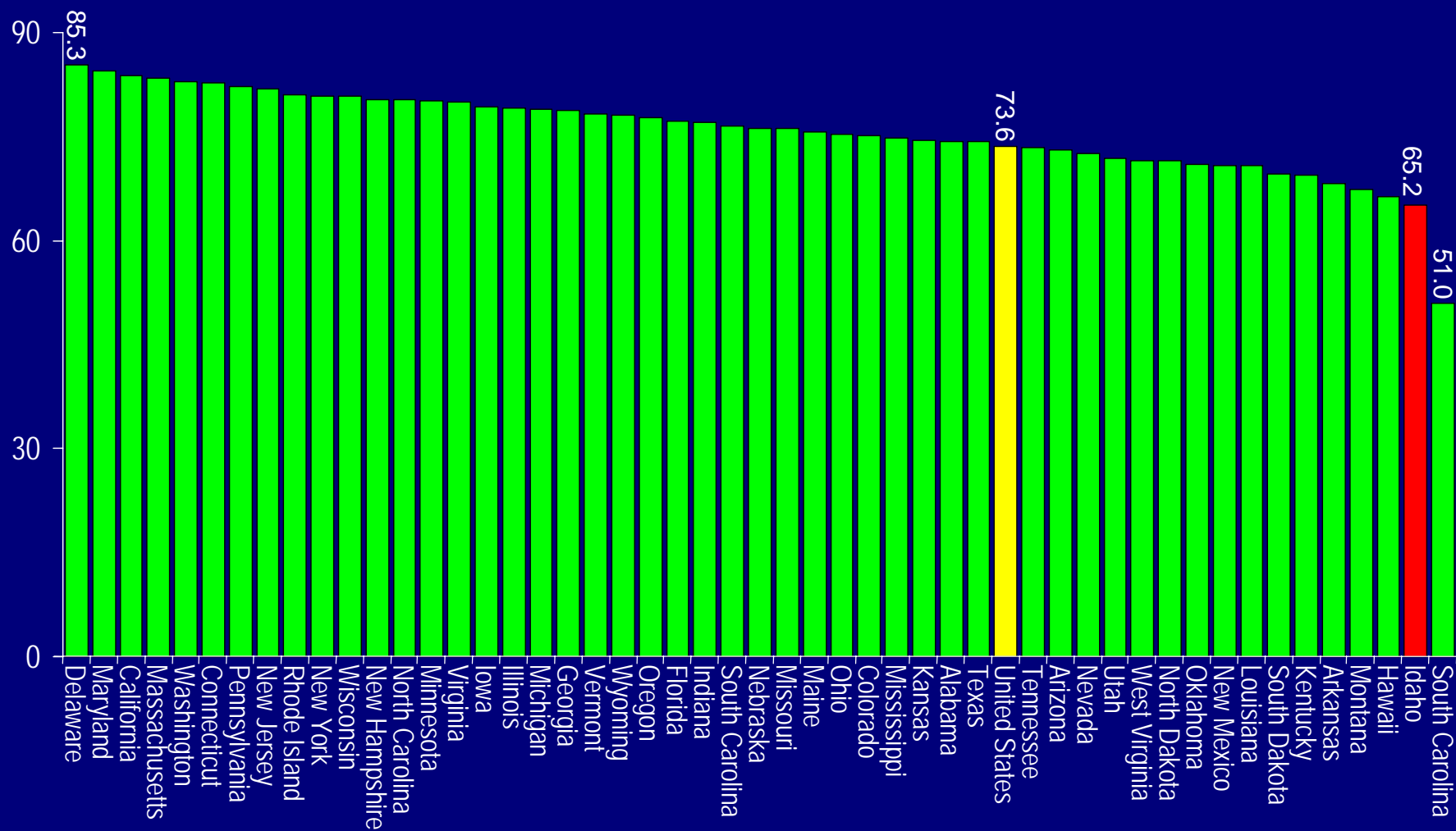


# College Going Rates—First-Time Freshmen Directly Out of High School as a Percent of Recent High School Graduates, 2000

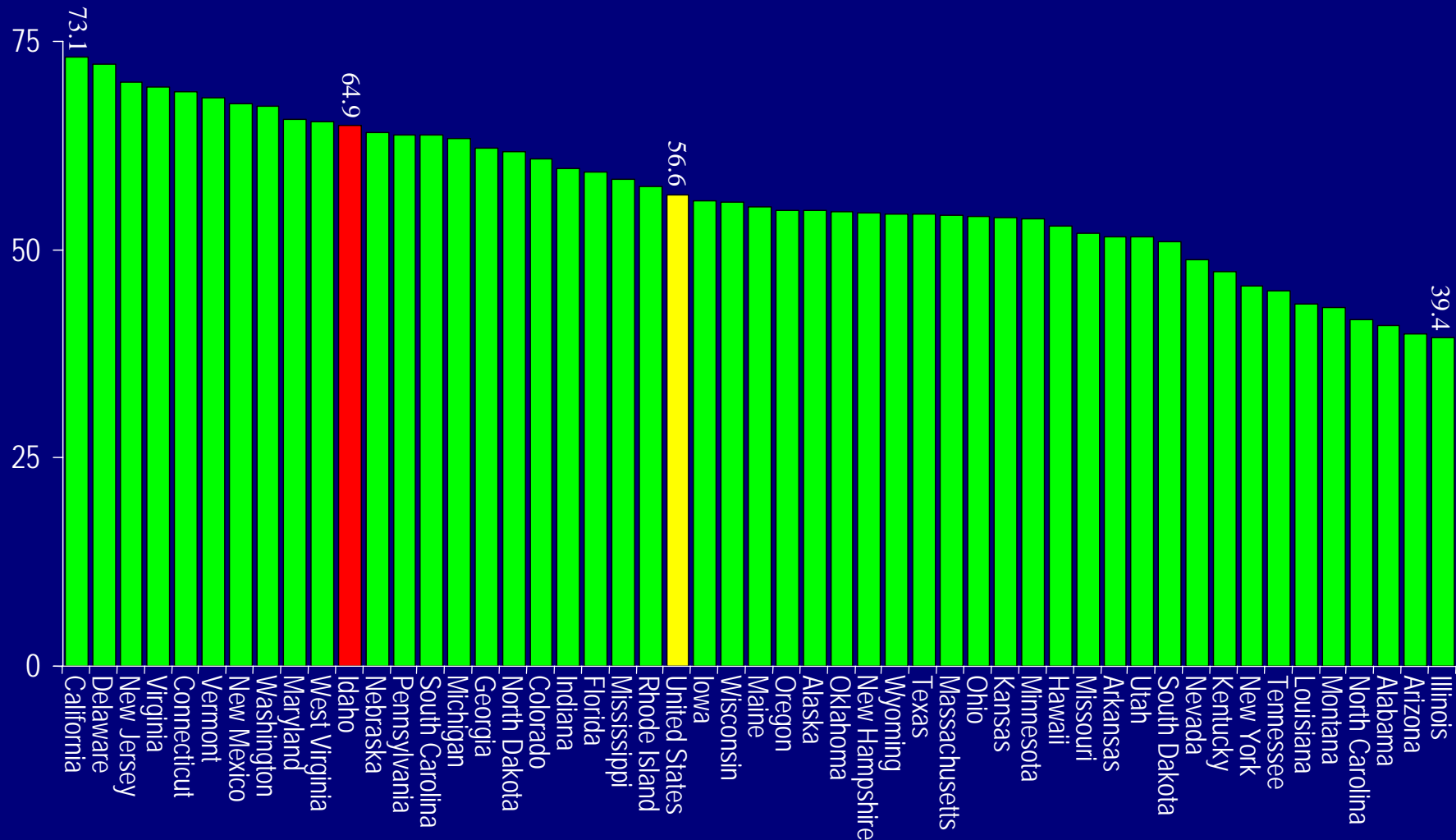


Source: Tom Mortenson, Postsecondary Opportunity

# Retention Rates of First-Time College Freshmen Returning Their Second Year, 2002



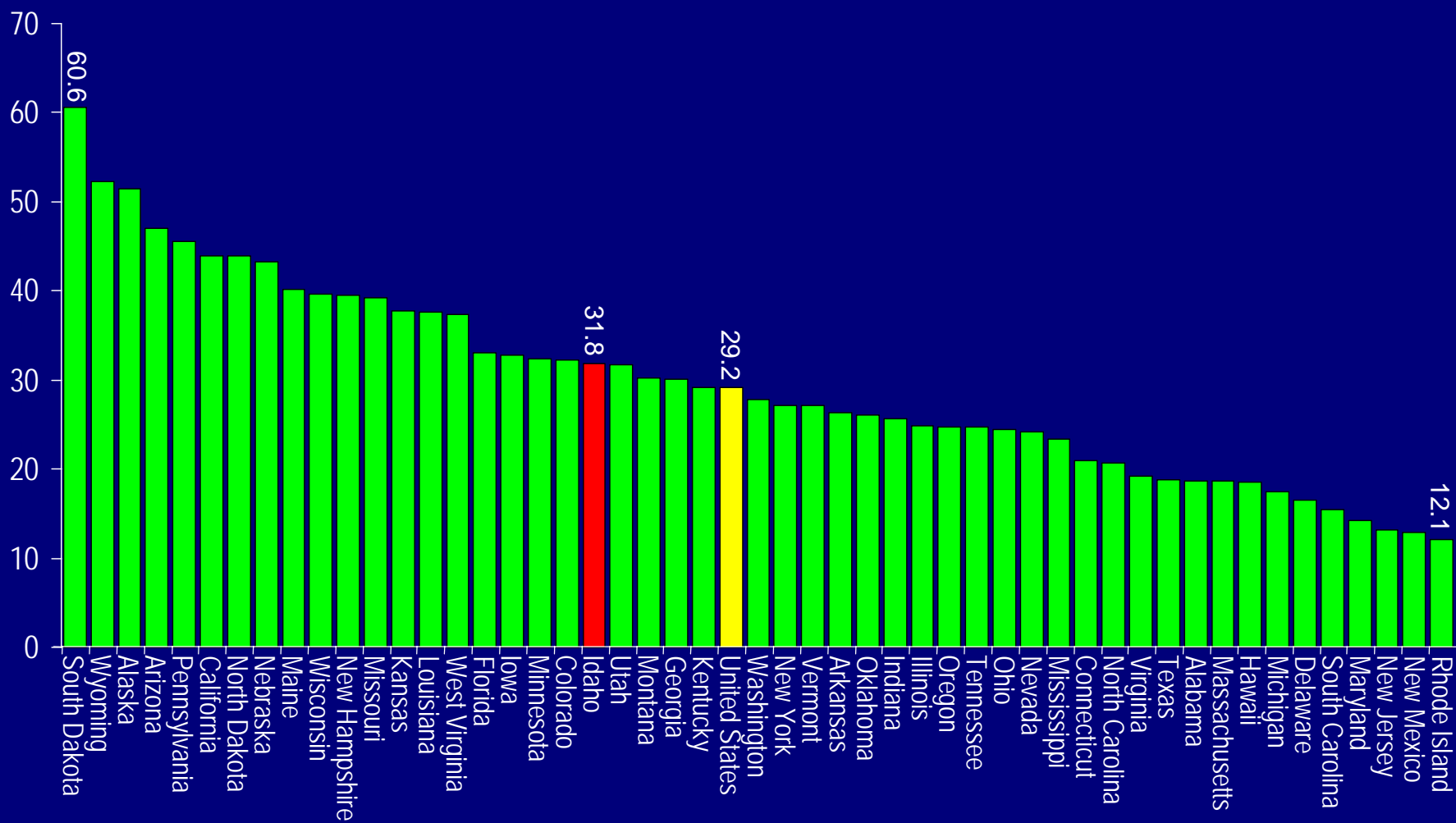
# *Six-Year Graduation Rates at Public Research Institutions, 2001 (Percent)*



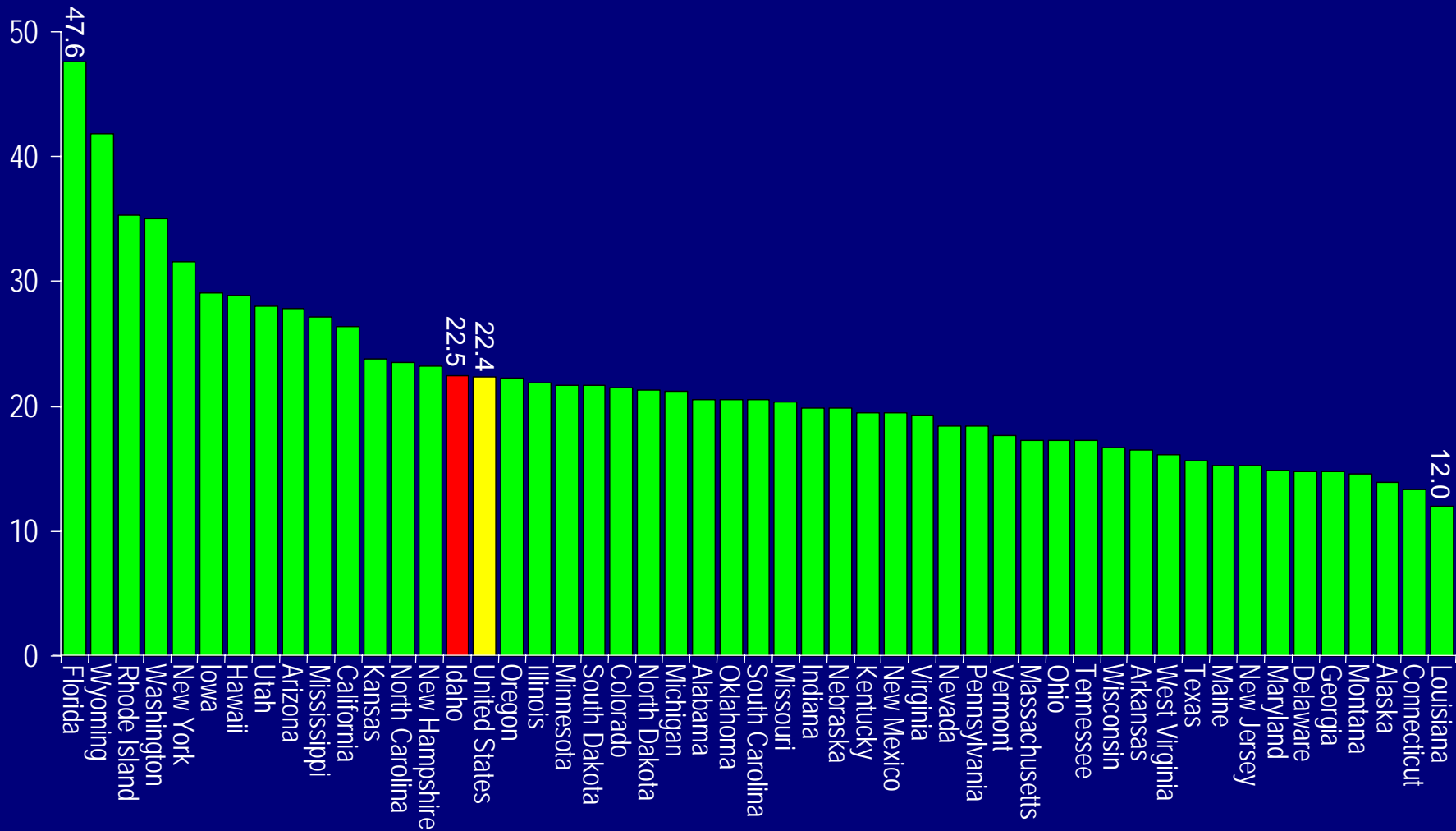
# *Six-Year Graduation Rates at Public Bachelor's and Masters Institutions, 2001 (Percent)*



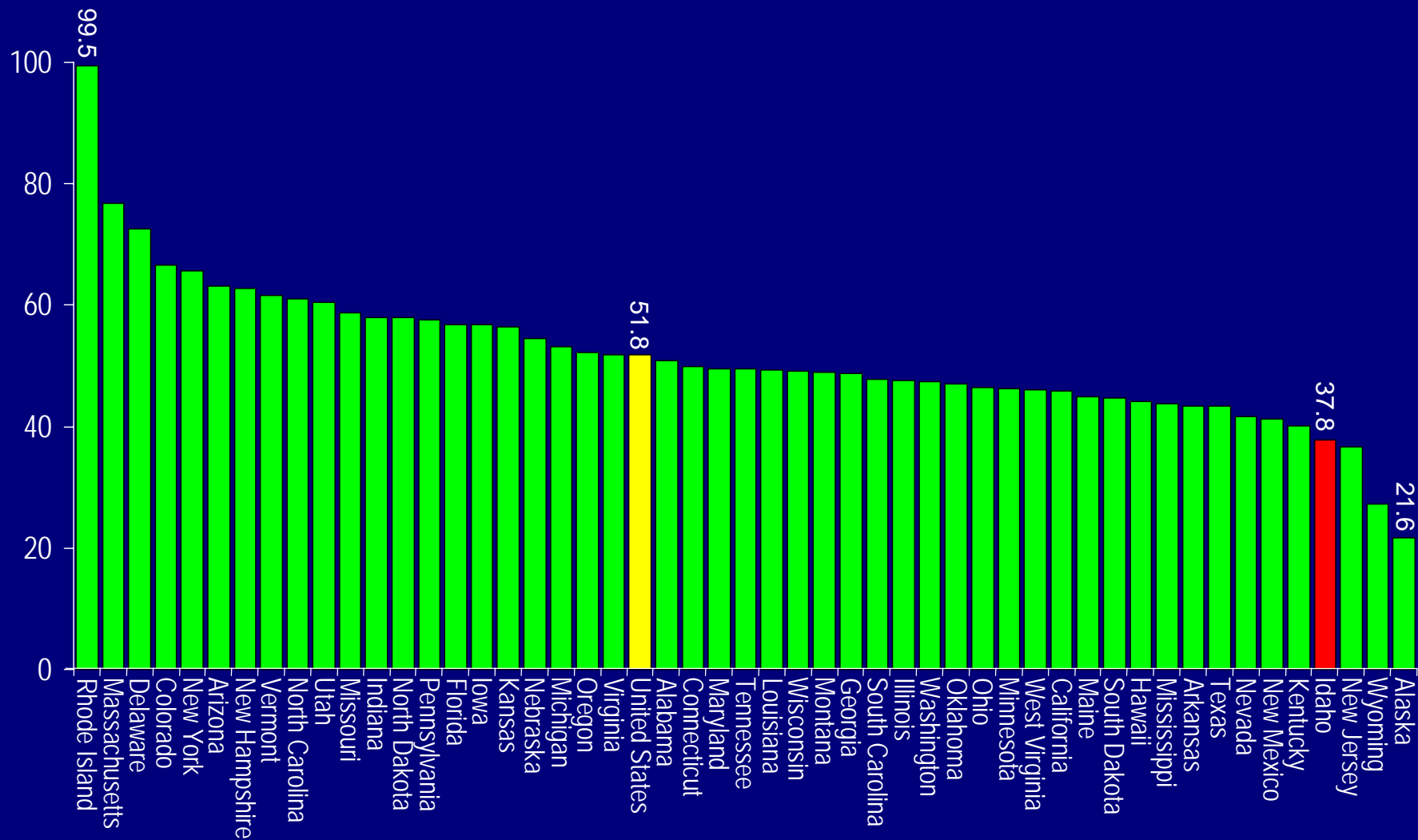
# Three-Year Graduation Rates at Public Two-Year Colleges (Percent)



# *Associate Degrees Awarded per 100 High School Graduates Three Years Earlier, 2002*

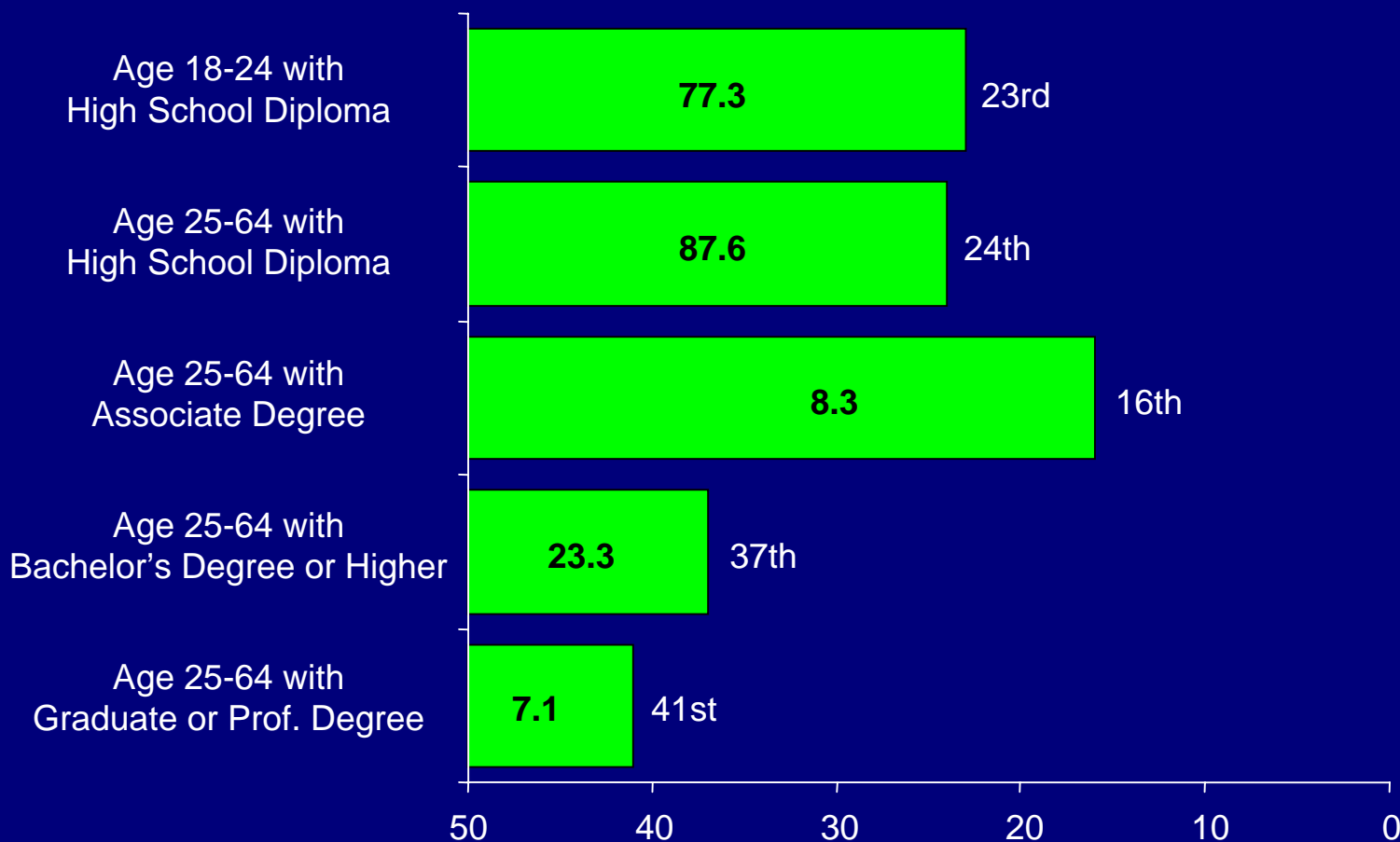


# *Bachelor's Degrees Awarded per 100 High School Graduates Six Years Earlier, 2002*



Source: NCES-IPEDS Completions Survey, WICHE

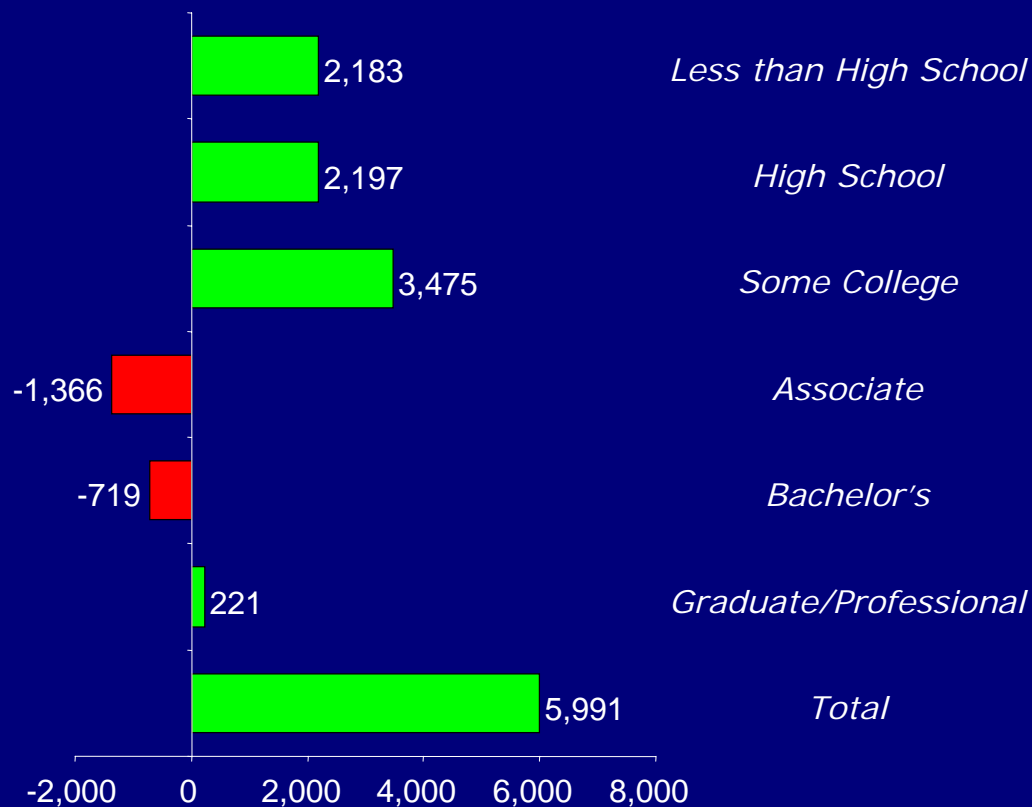
# *Educational Attainment and Rank Among States— Idaho, 2000 (Percent)*



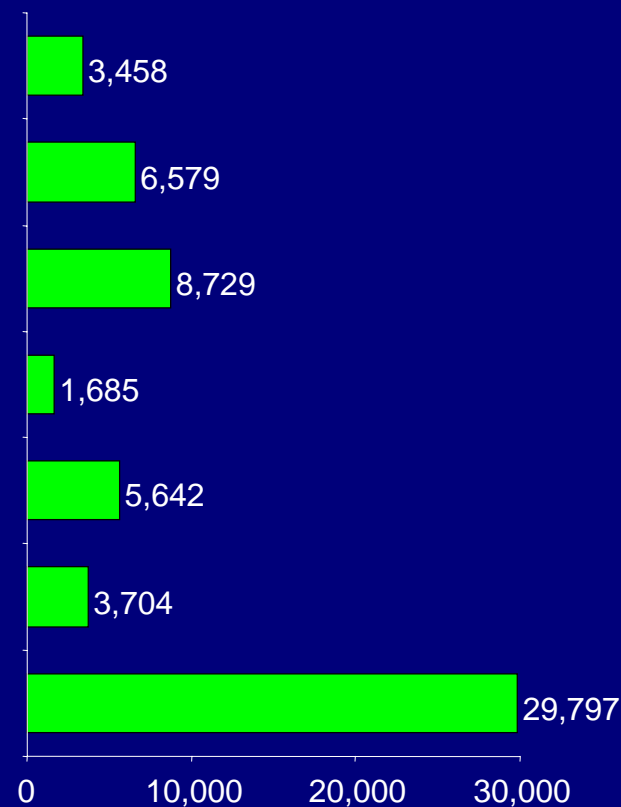


# Idaho Net Migration by Degree Level and Age Group

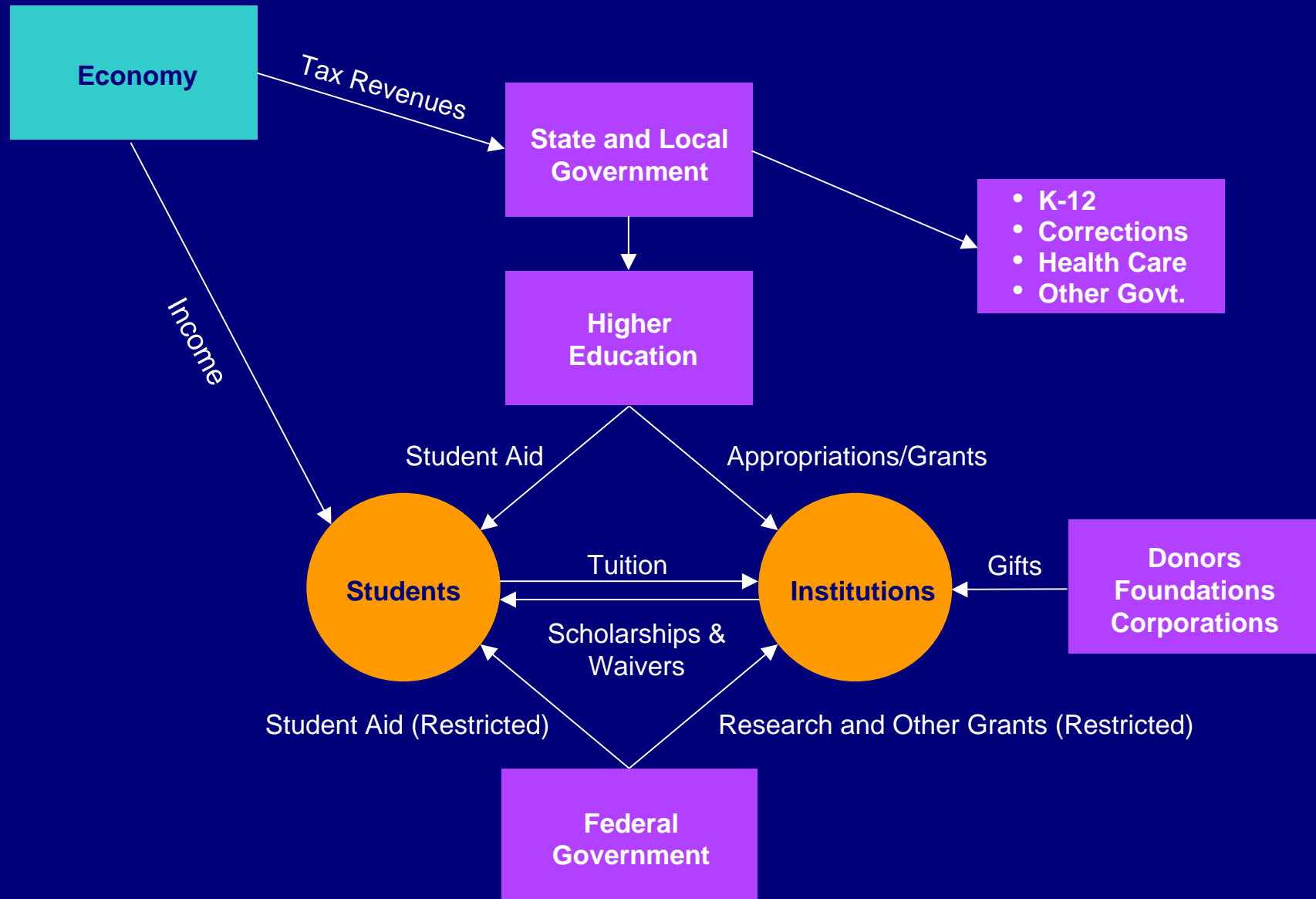
## 22- to 29-Year-Olds



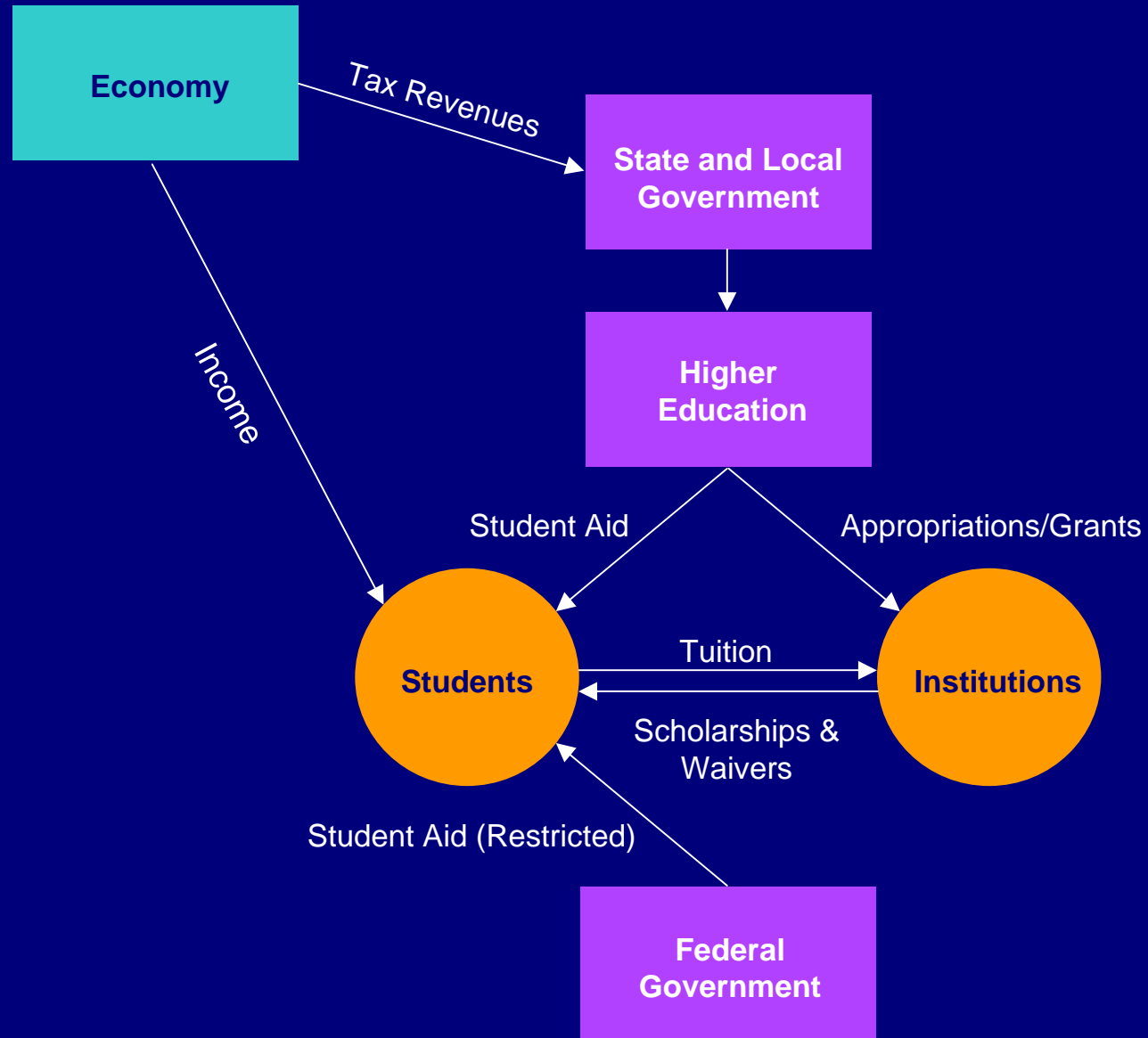
## 30- to 64-Year-Olds



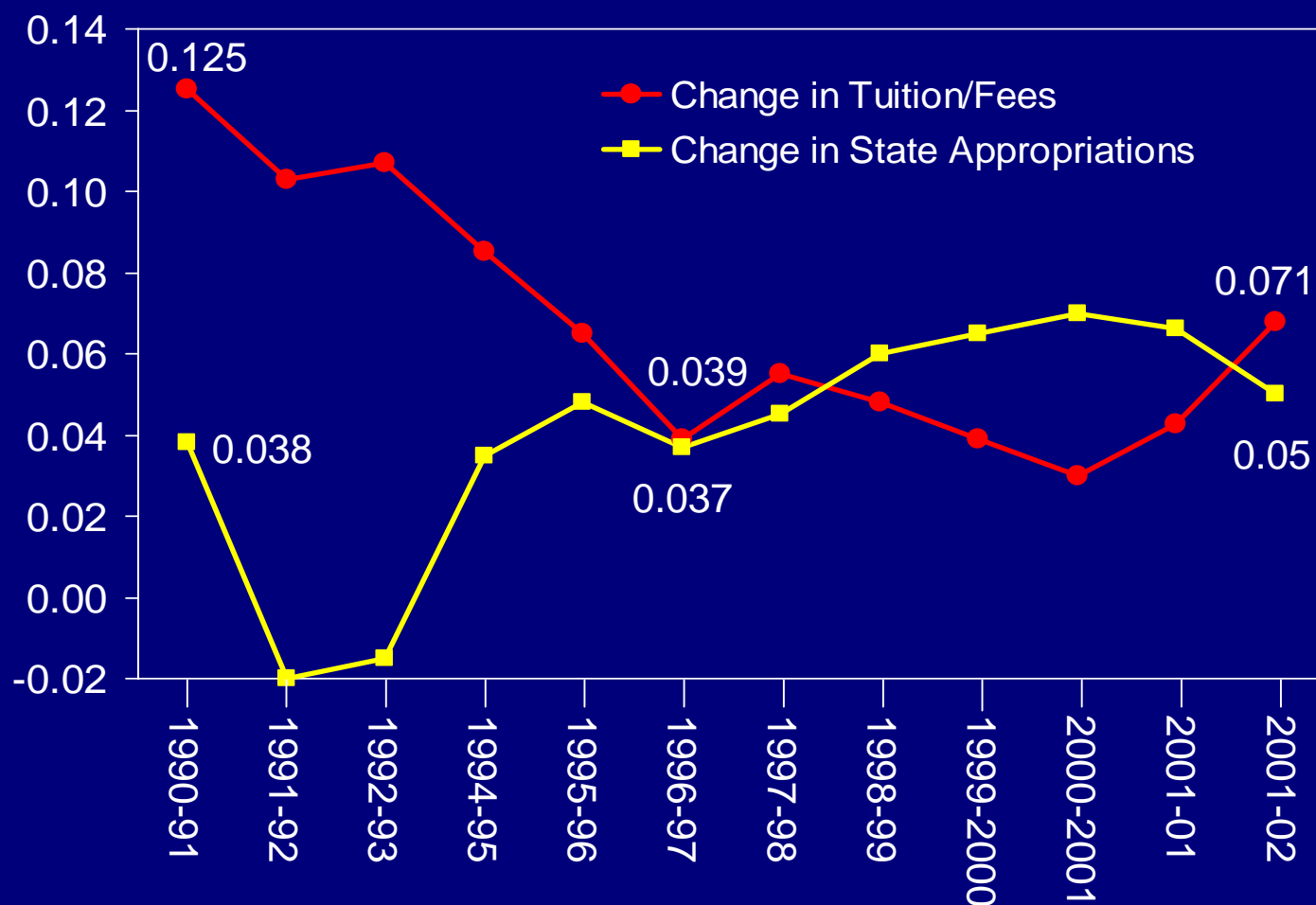
# The Flow of Funds



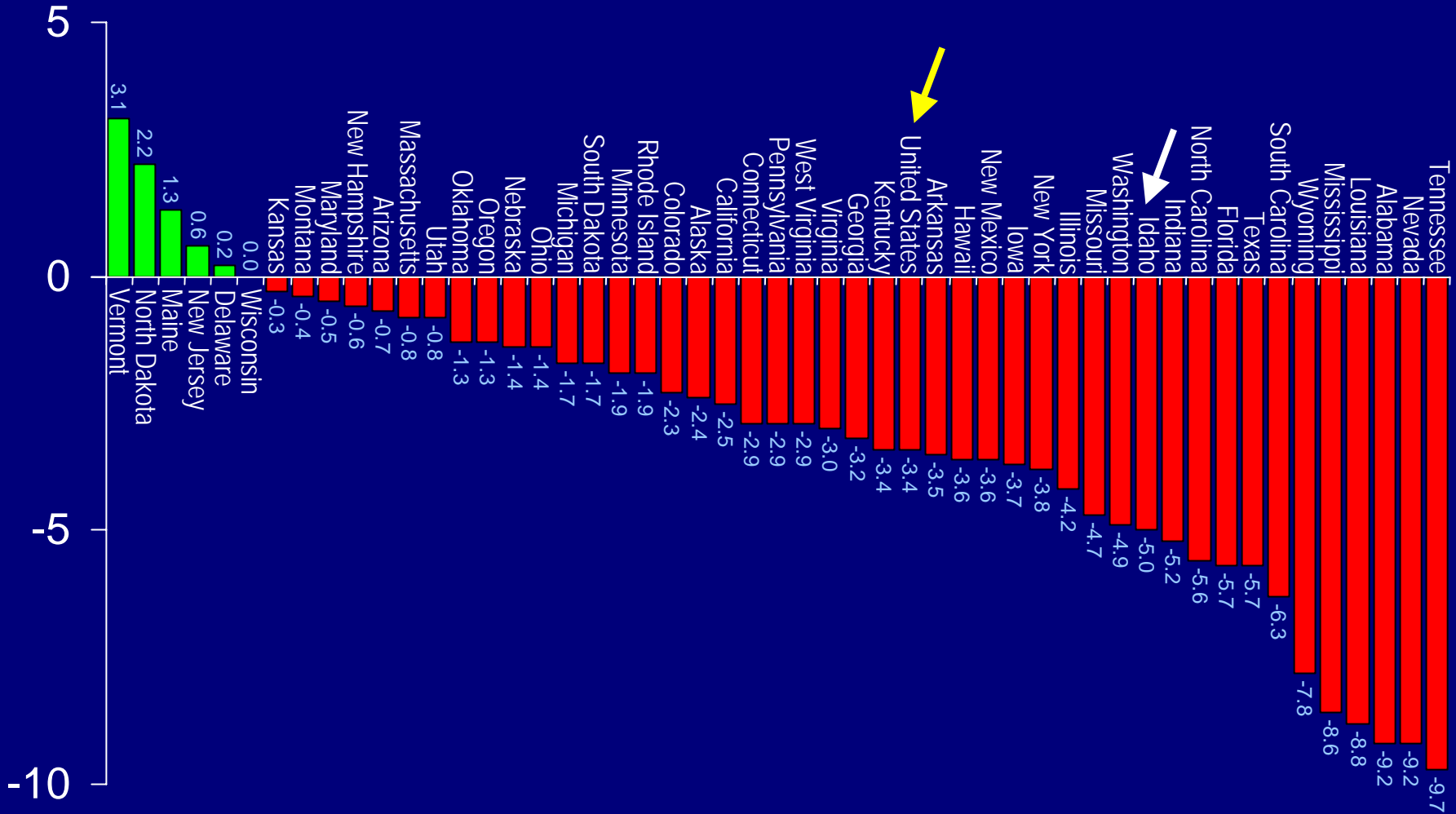
# *The Flow of Funds*



## *Change in Resident Undergraduate Student Charges and State Appropriations, Public Colleges and Universities, 1990-91 to 2001-02*

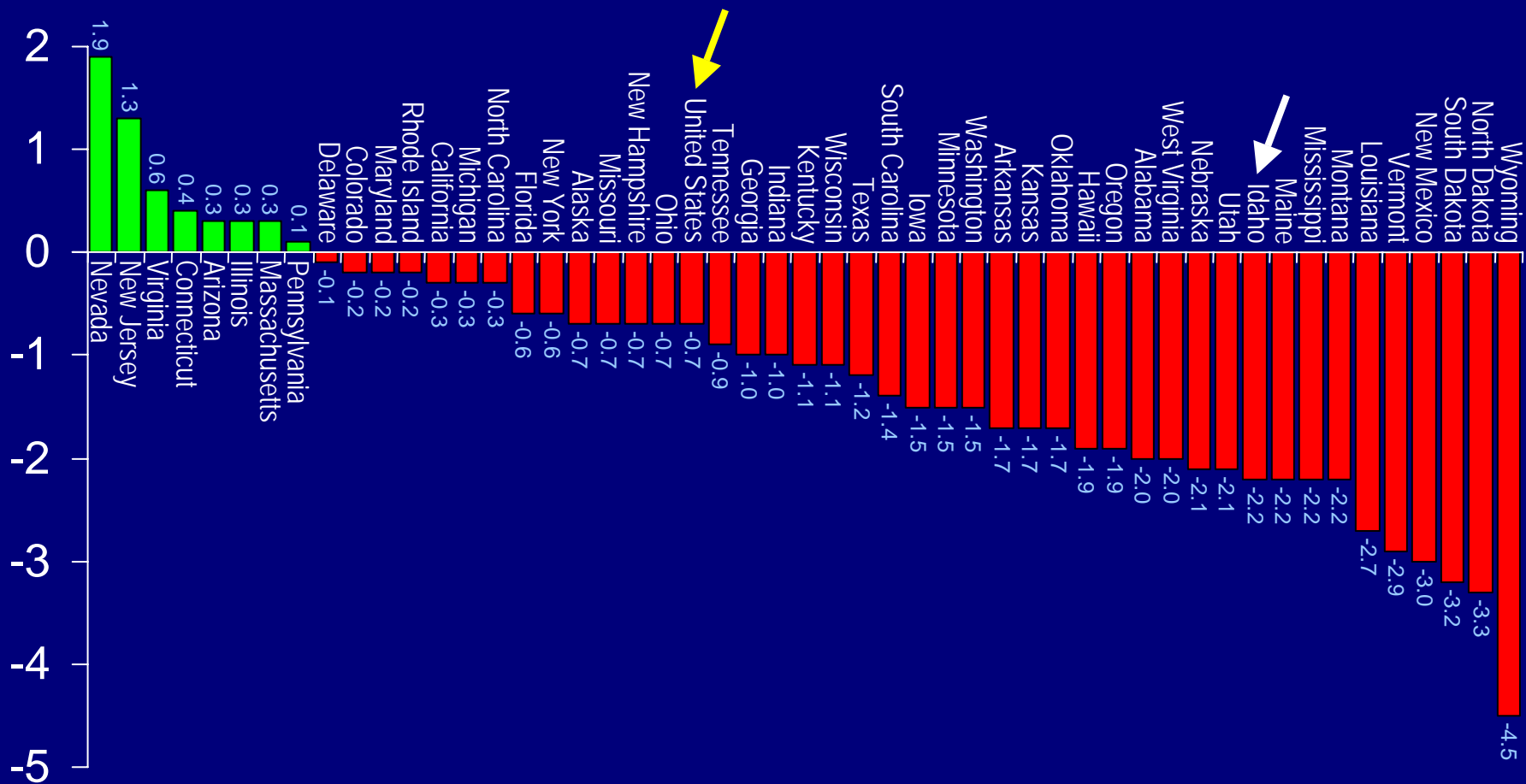


# Projected State and Local Budget Surplus (Gap) as a Percent of Revenues, 2010

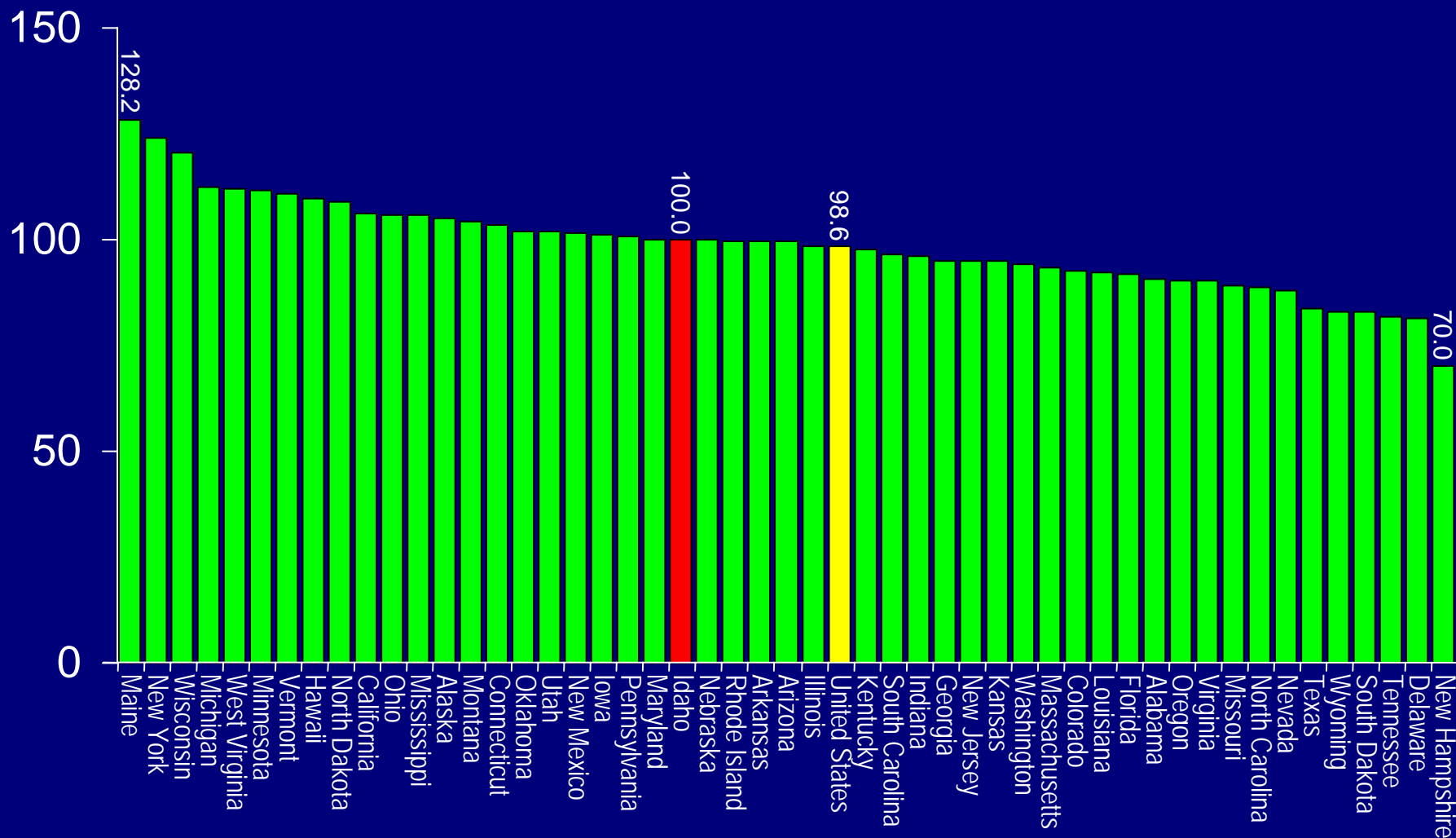


Source: NCHEMS; Don Boyd (Rockefeller Institute of Government)

# Projected Ratio of Spending for Higher Education to Spending for All Other Programs, 2010

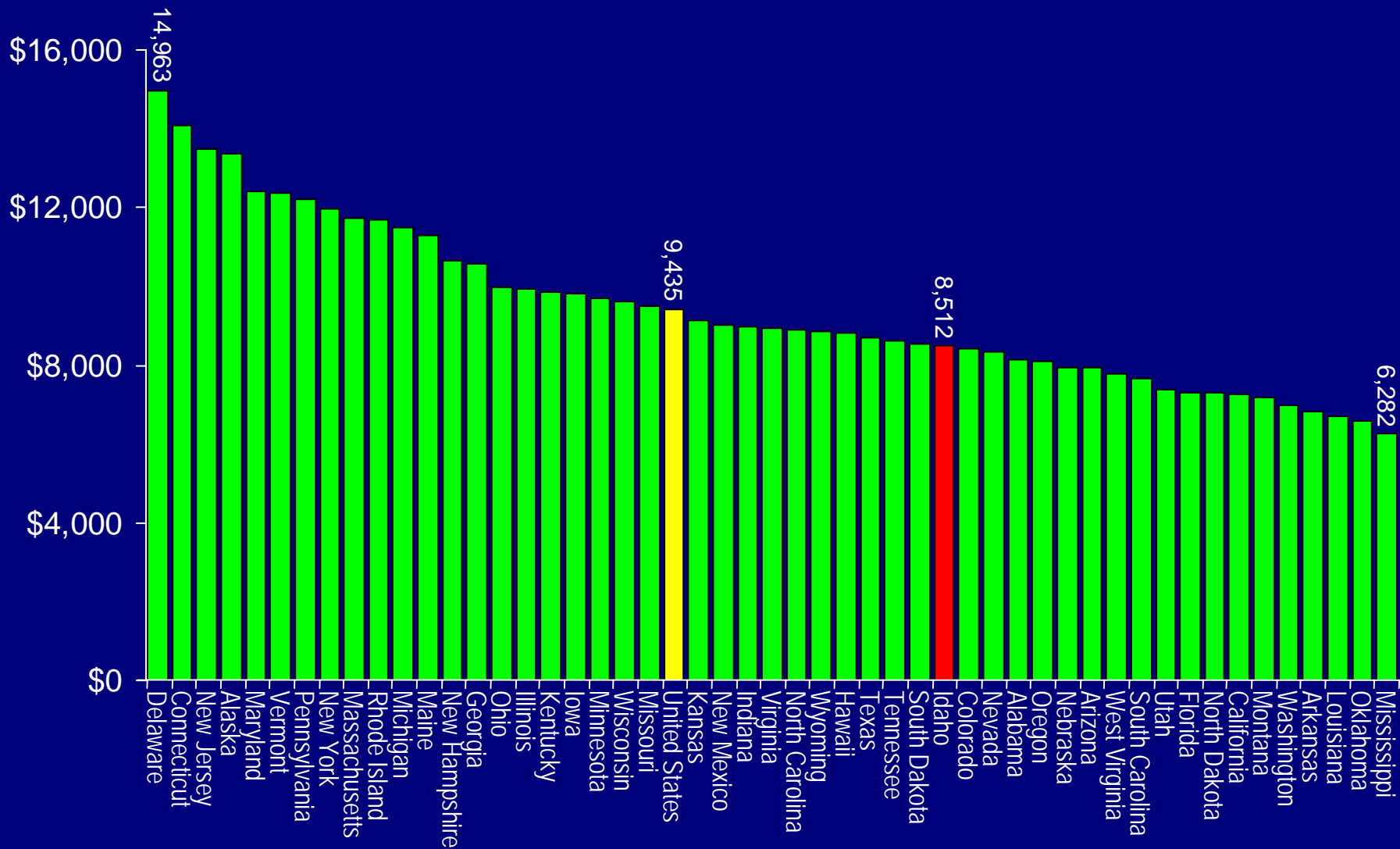


# State Tax Effort—State and Local Tax Revenues Relative to Total Taxable Resources (Percent)



Source: State Higher Education Executive Officers (SHEEO)

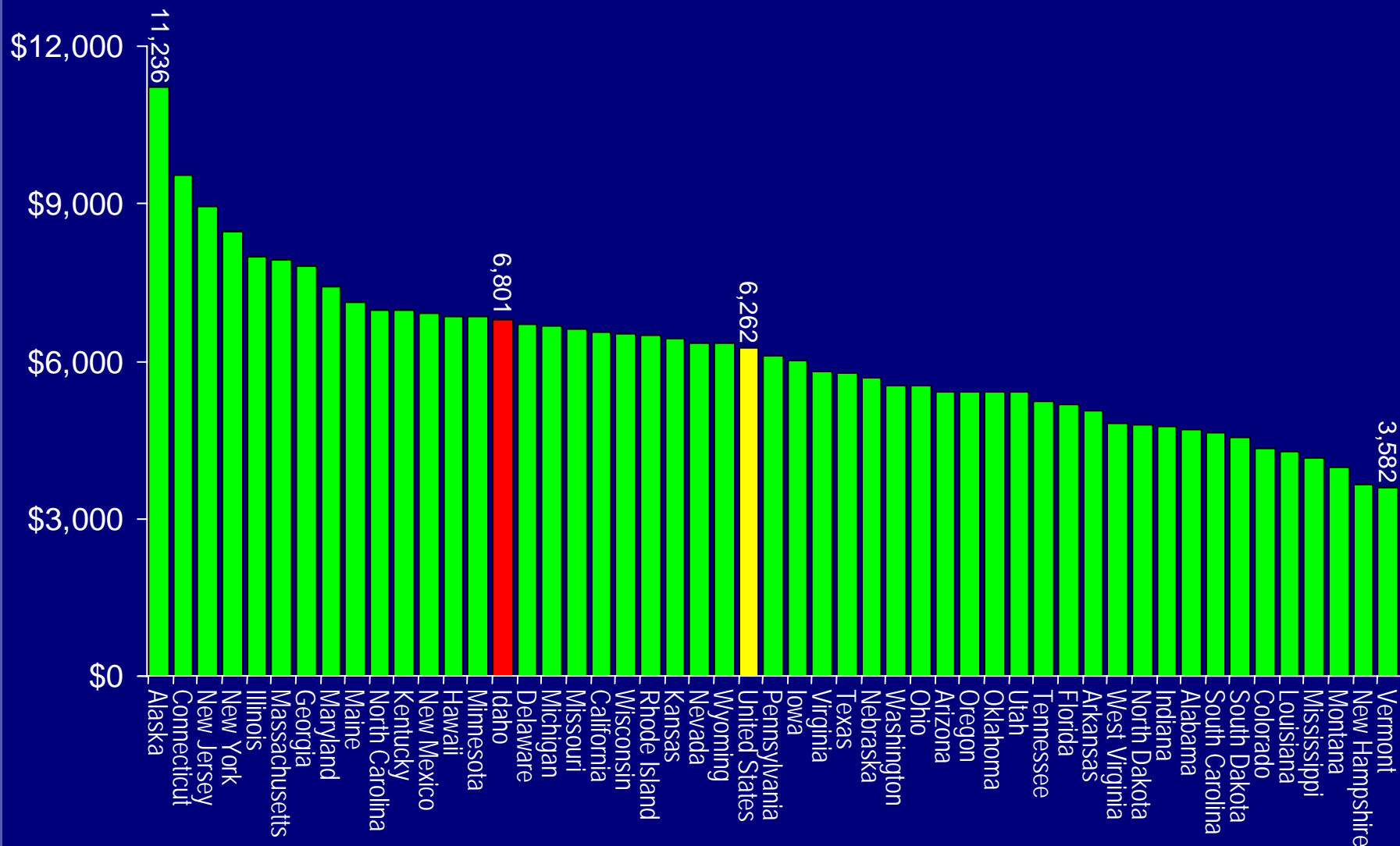
# Total Funding Per Full-Time Equivalent Student



Source: State Higher Education Executive Officers (SHEEO)

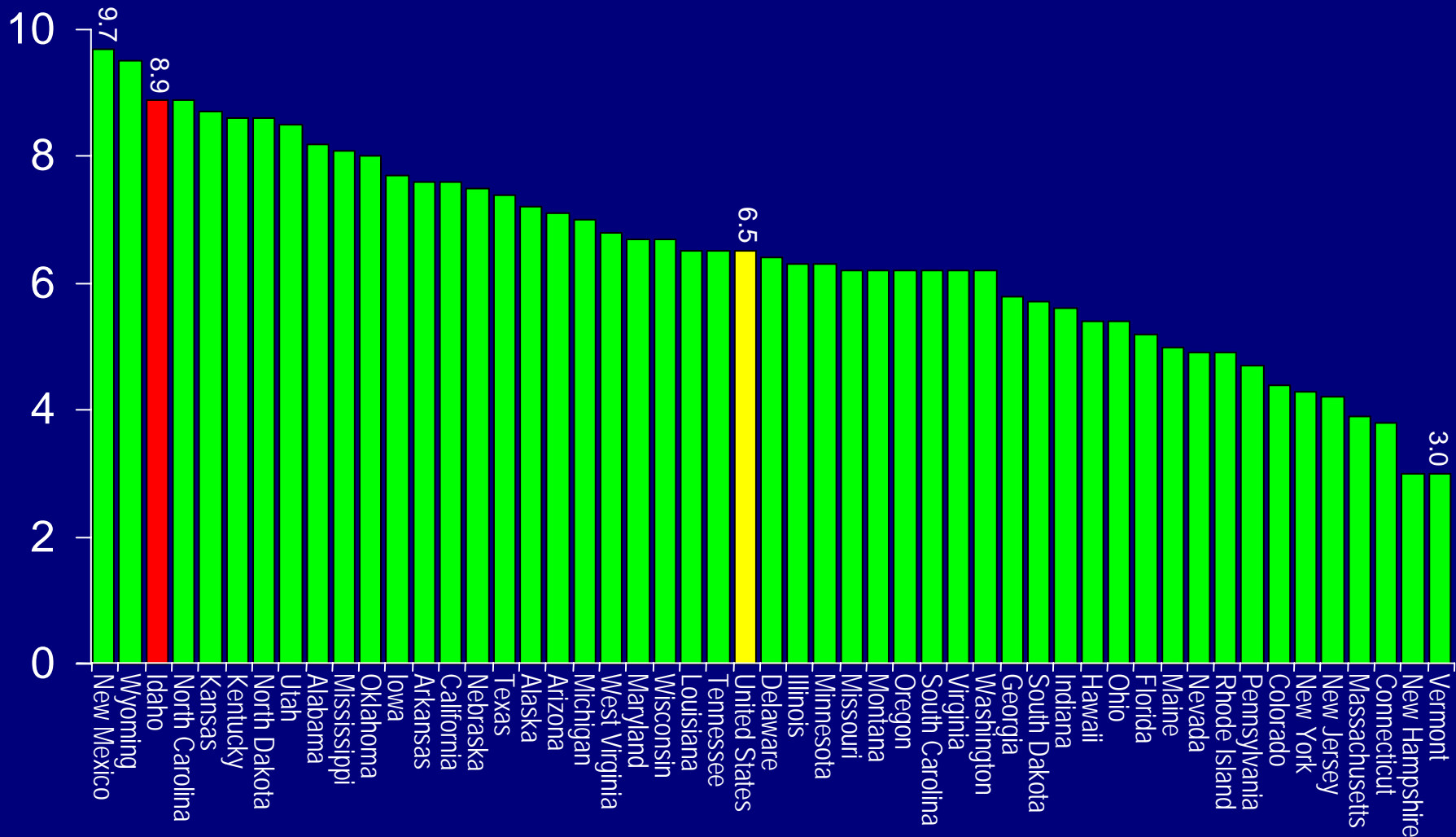


# State and Local Public Higher Education Appropriations per Full-Time Equivalent Student



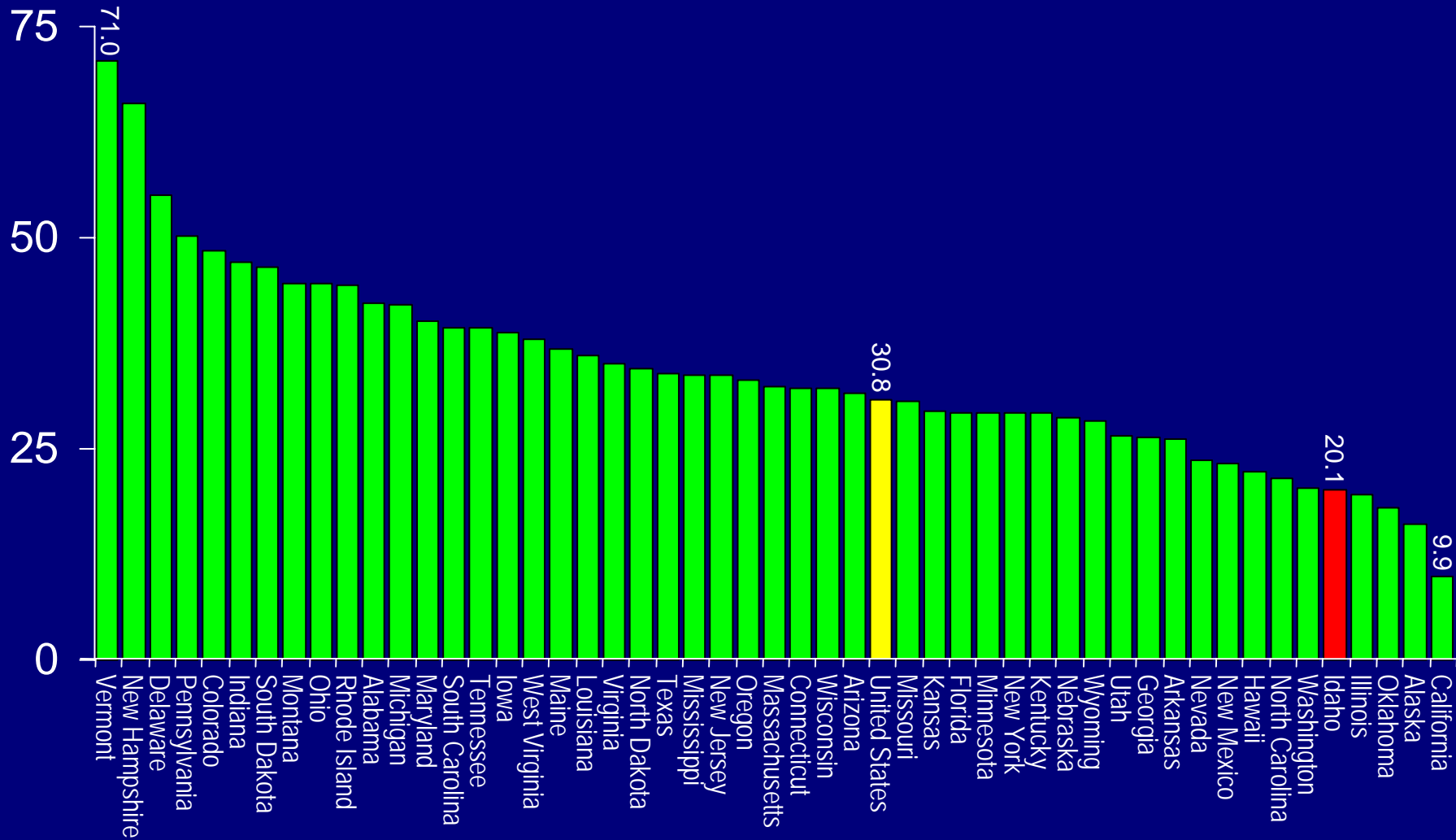
Source: State Higher Education Executive Officers (SHEEO)

## *State Higher Education Priority—Higher Education Appropriations Relative to State and Local Tax Revenues (Percent)*



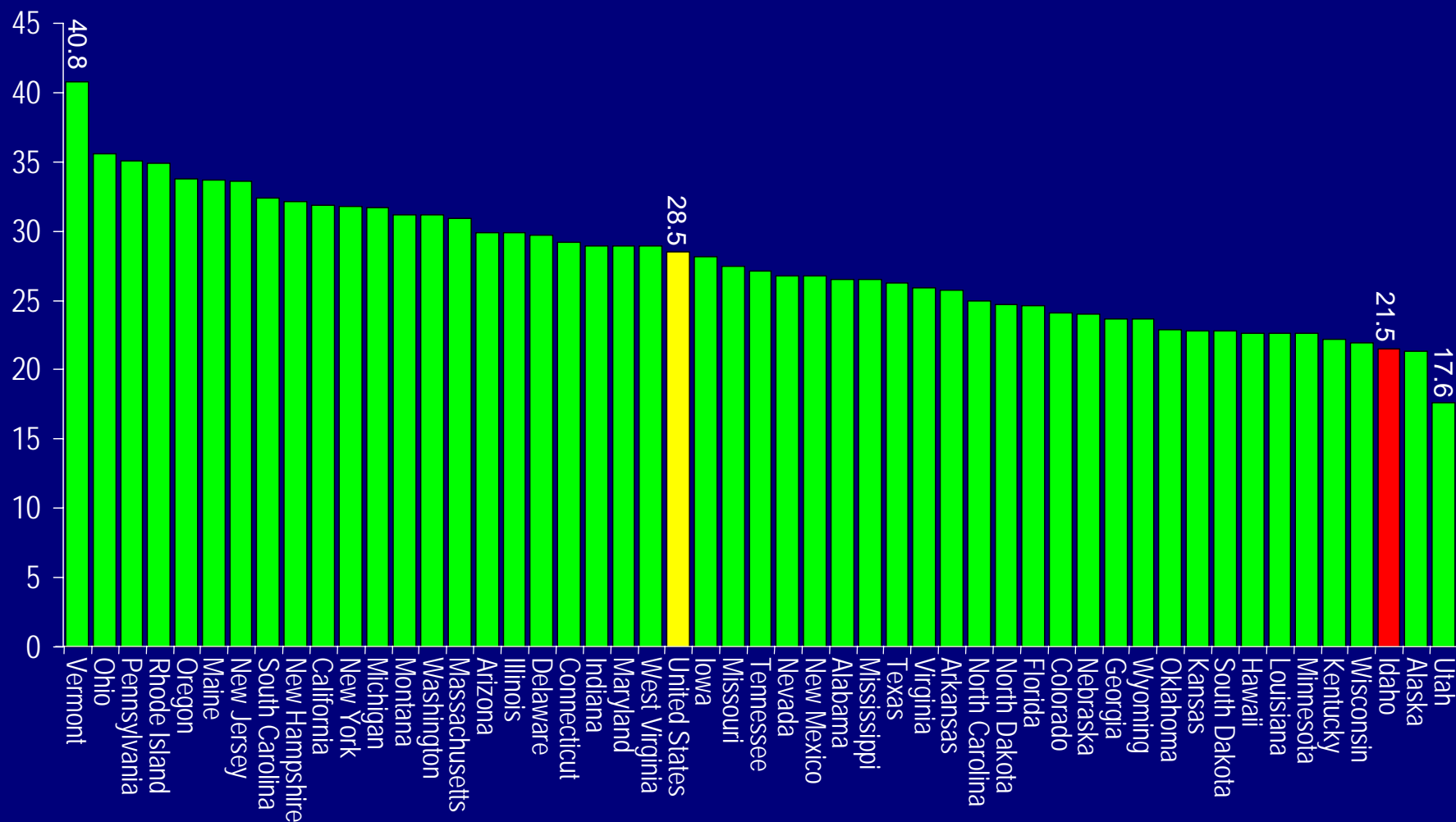
Source: State Higher Education Executive Officers (SHEEO)

# *Family Share of Funding for Higher Education (Percent)*



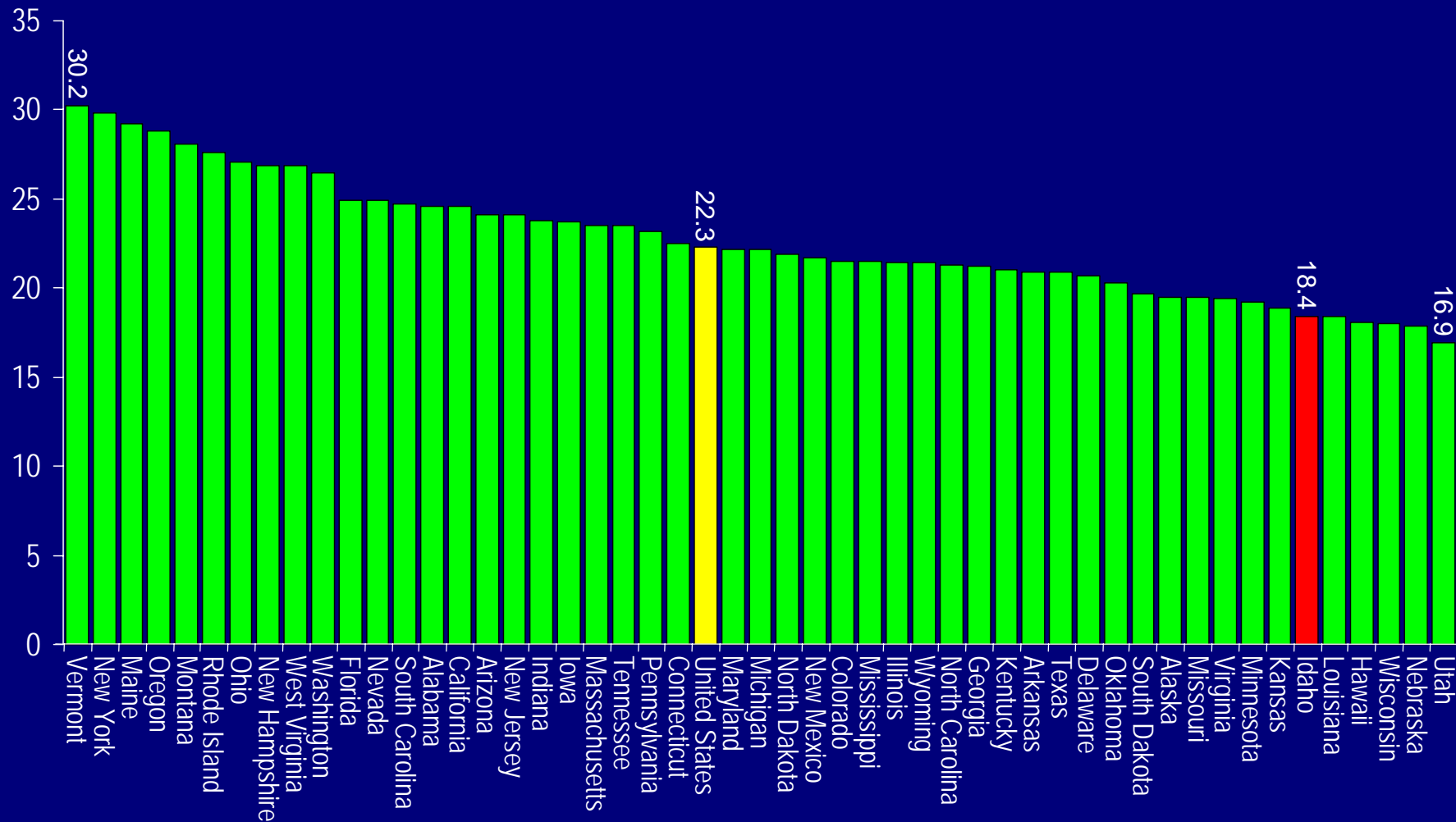
Source: State Higher Education Executive Officers (SHEEO)

# Percent of Family Income Needed to Pay for College at Public 4-Year Colleges and Universities, 2004



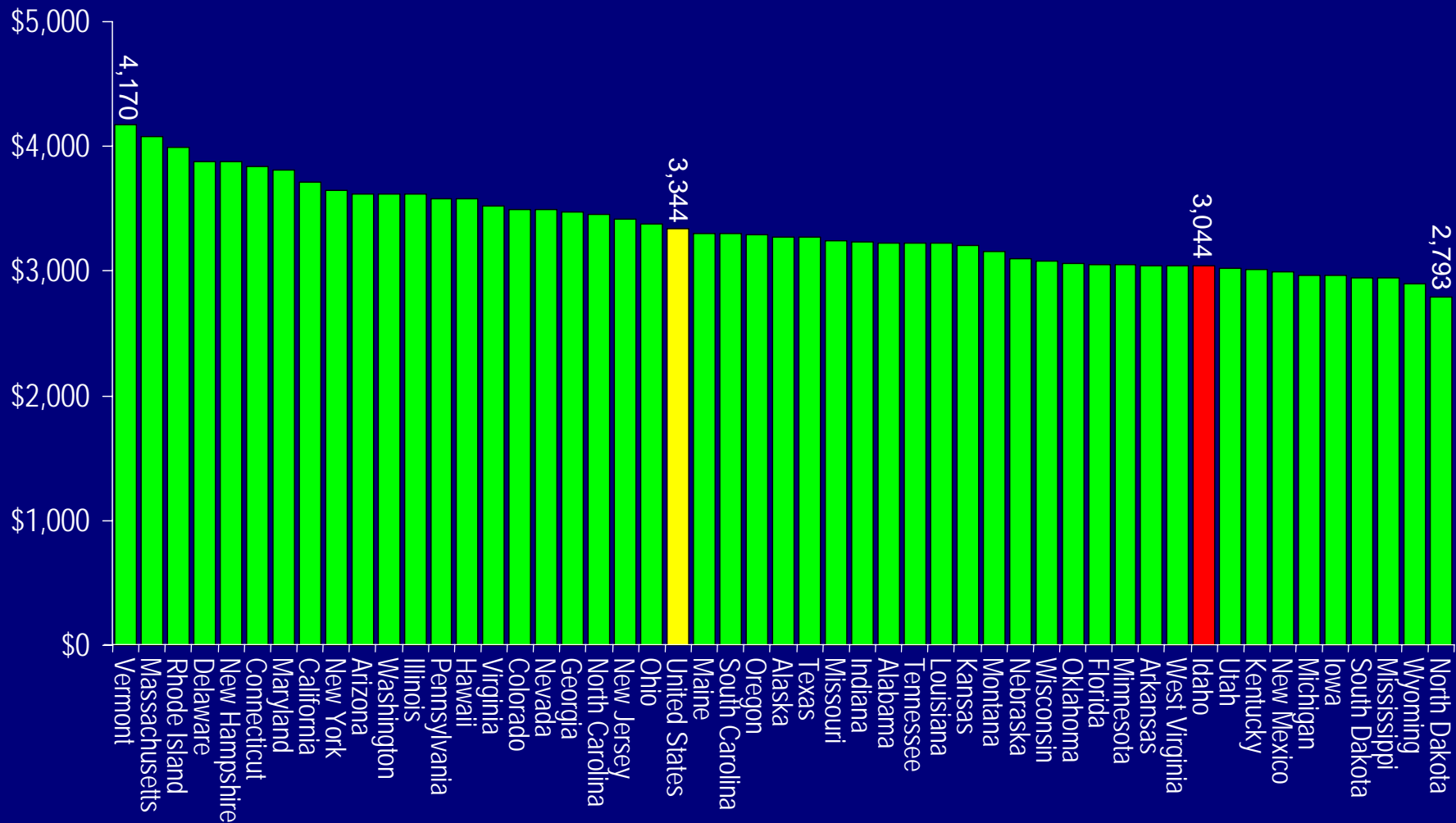
Source: *Measuring Up*, The State-by-State Report Card for Higher Education

# *Percent of Family Income Needed to Pay for College at Community Colleges, 2004*



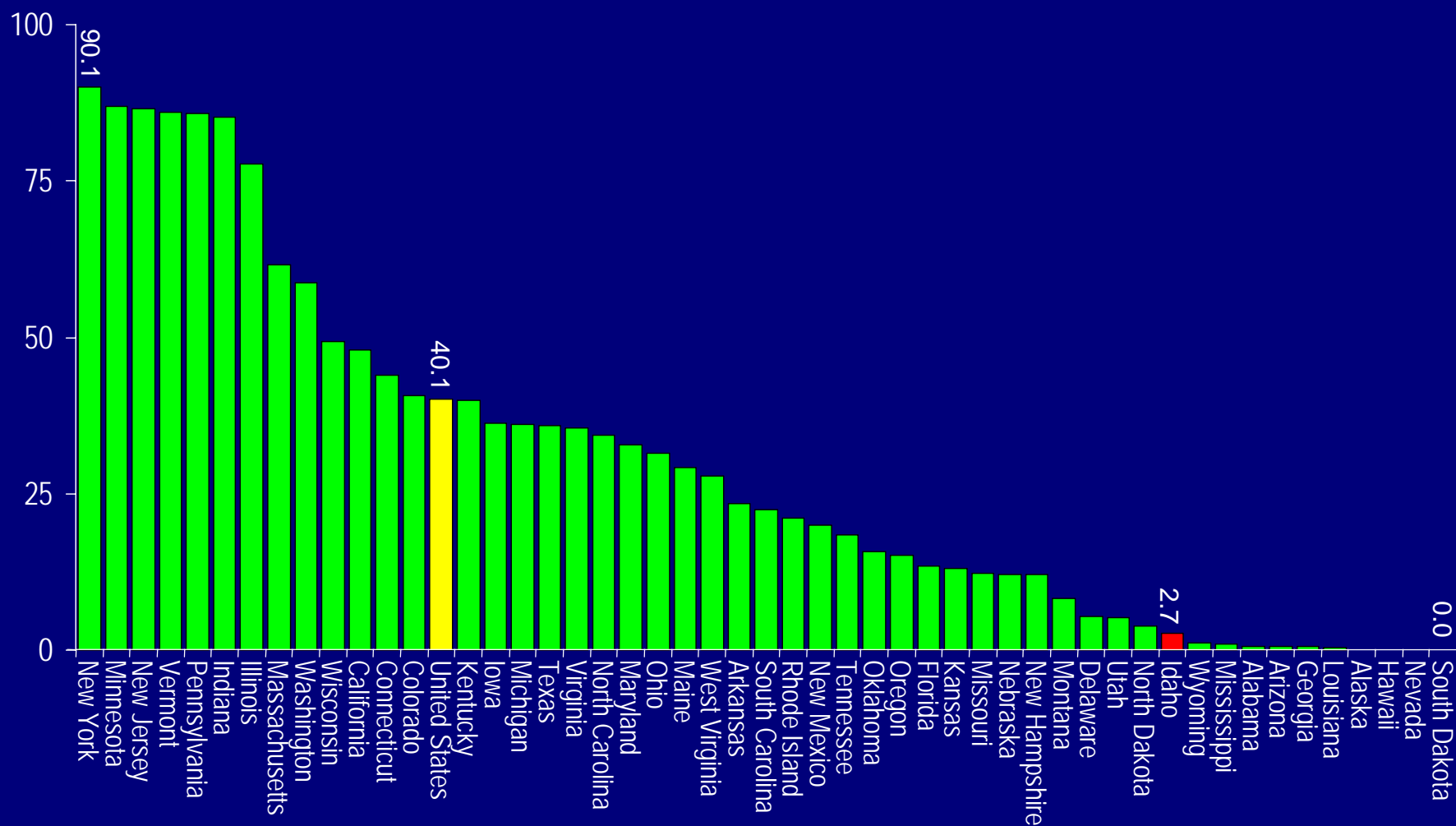
Source: *Measuring Up*, The State-by-State Report Card for Higher Education

# Average Loan Amount Students Borrow Each Year, 2003



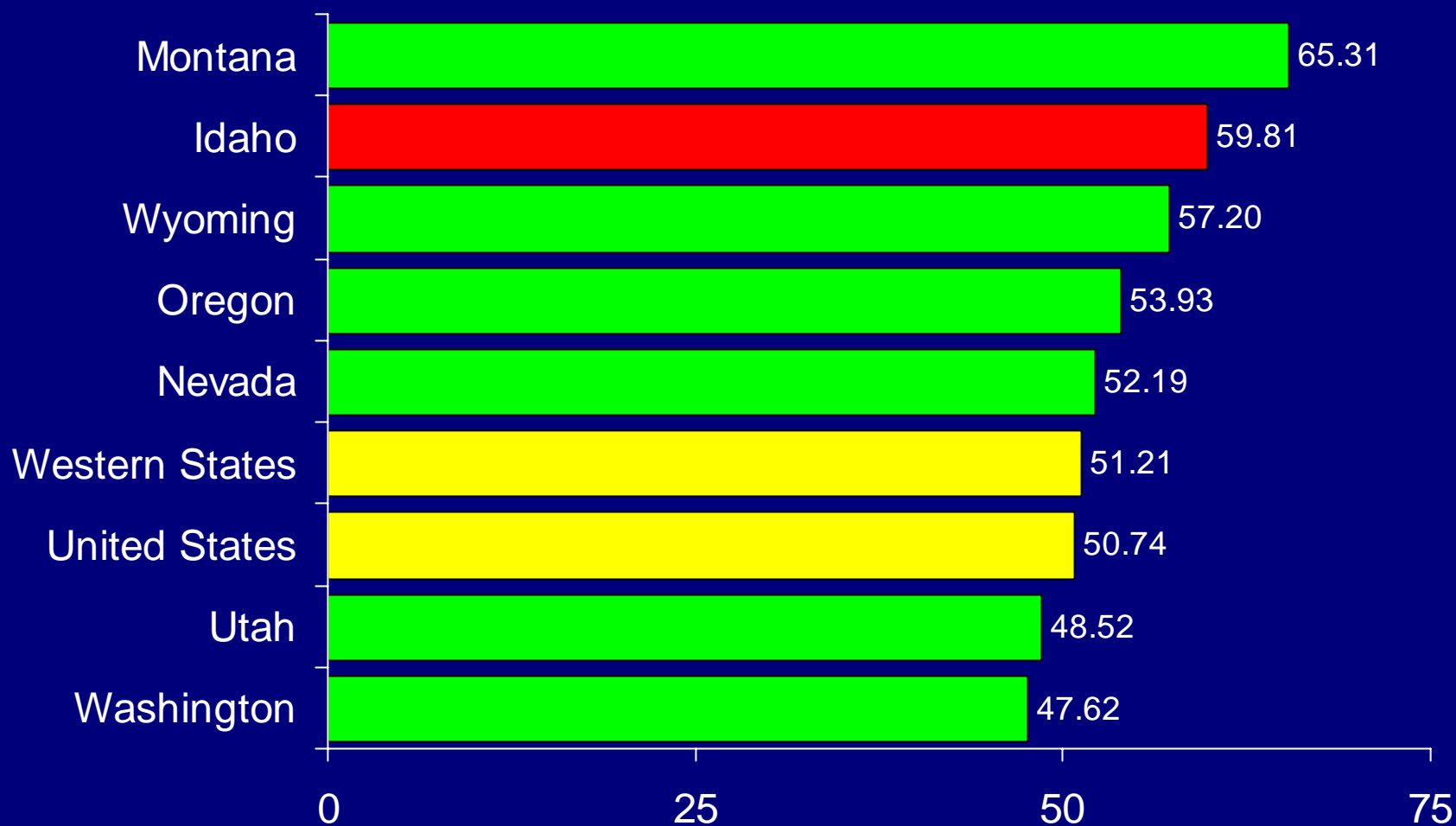
Source: *Measuring Up*, The State-by-State Report Card for Higher Education

# State Grant Aid as a Percent of Federal Pell Grant Aid, 2003



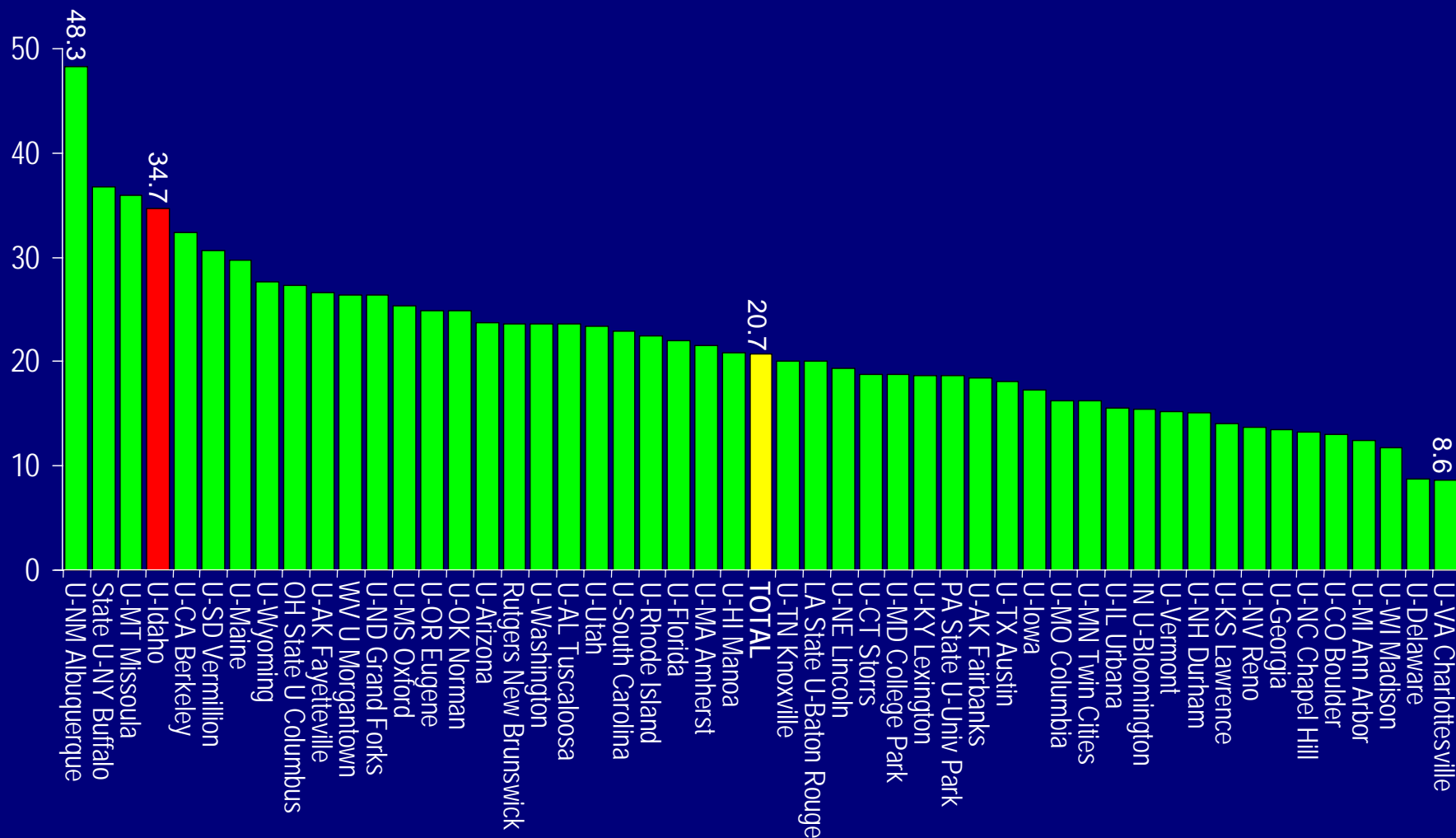
Source: *Measuring Up*, The State-by-State Report Card for Higher Education

## *Proportion of High School Graduates with Median Family Income Less than \$50,000—2001*



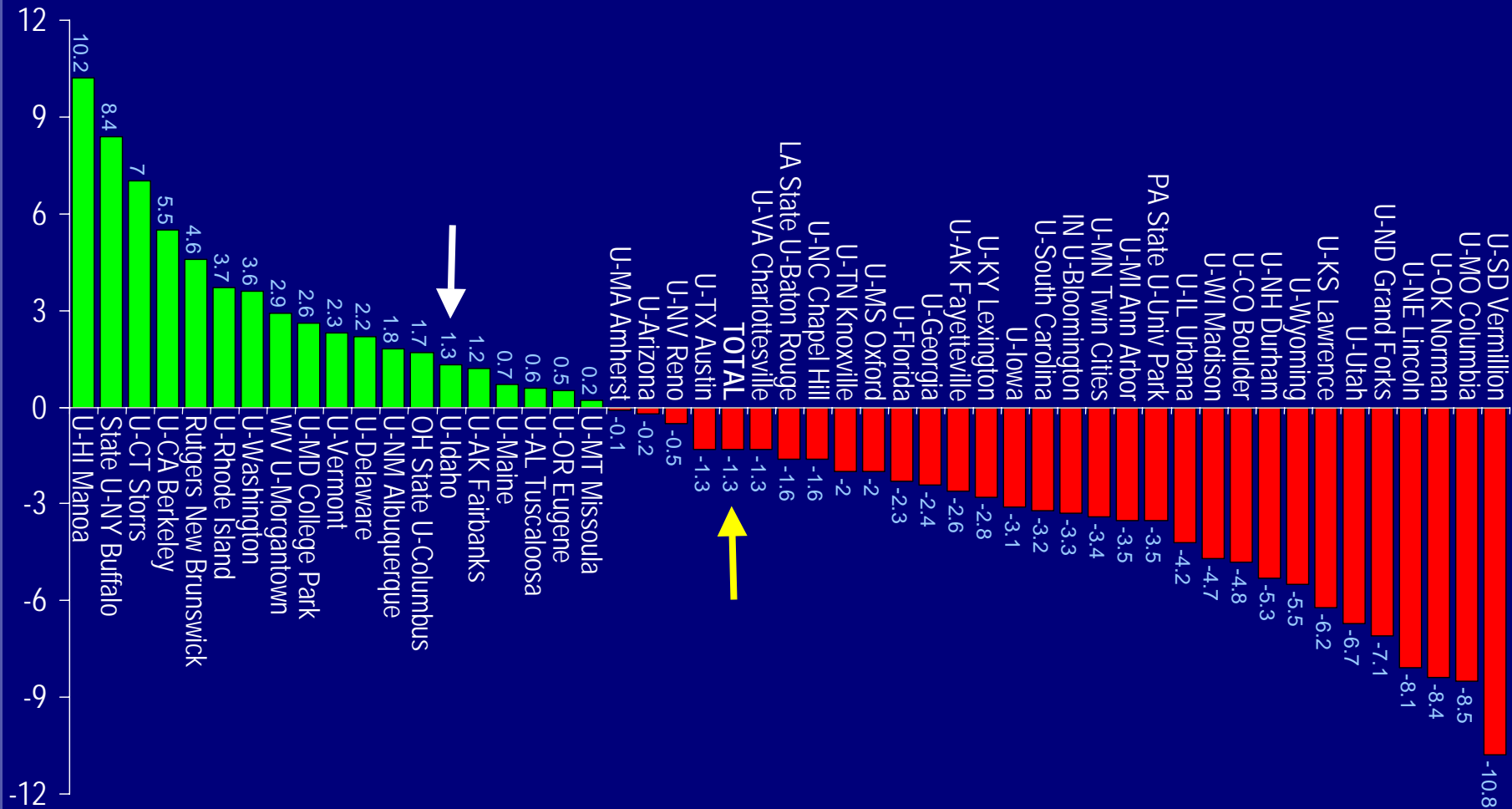


# Percent of University of Idaho Undergraduates with Pell Grants, 2001-02



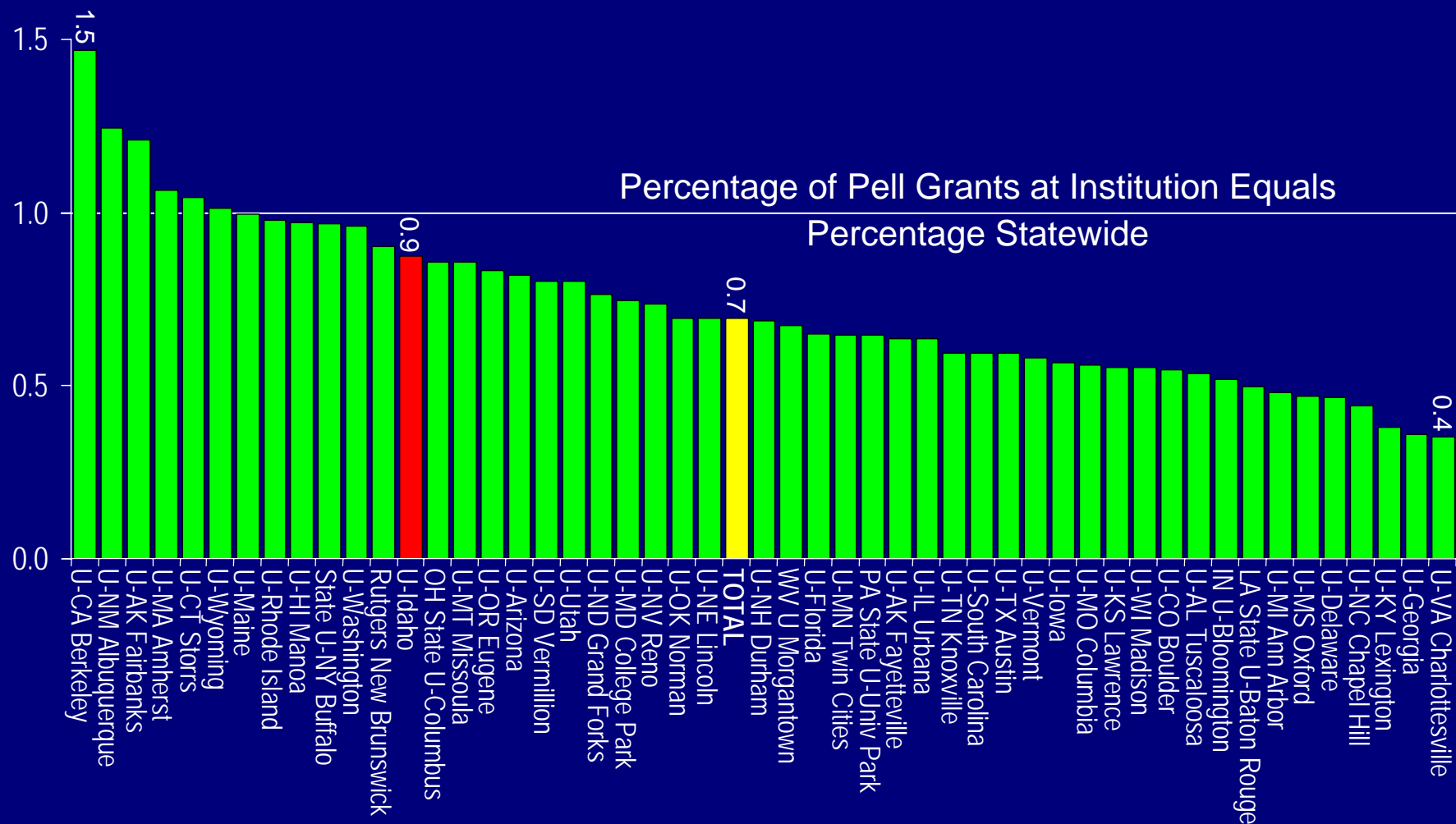
Source: Tom Mortenson, Postsecondary Opportunity (Data from U.S. Dept. of Education)

# Percent Change in University of Idaho Undergraduates with Pell Grants from 1992-93 to 2001-02



Source: Tom Mortenson, Postsecondary Opportunity (Data from U.S. Dept. of Education)

# *Ratio of University of Idaho Undergraduates with Pell Grants to State Share of Undergraduates with Pell Grants—Percent, 2001-02*



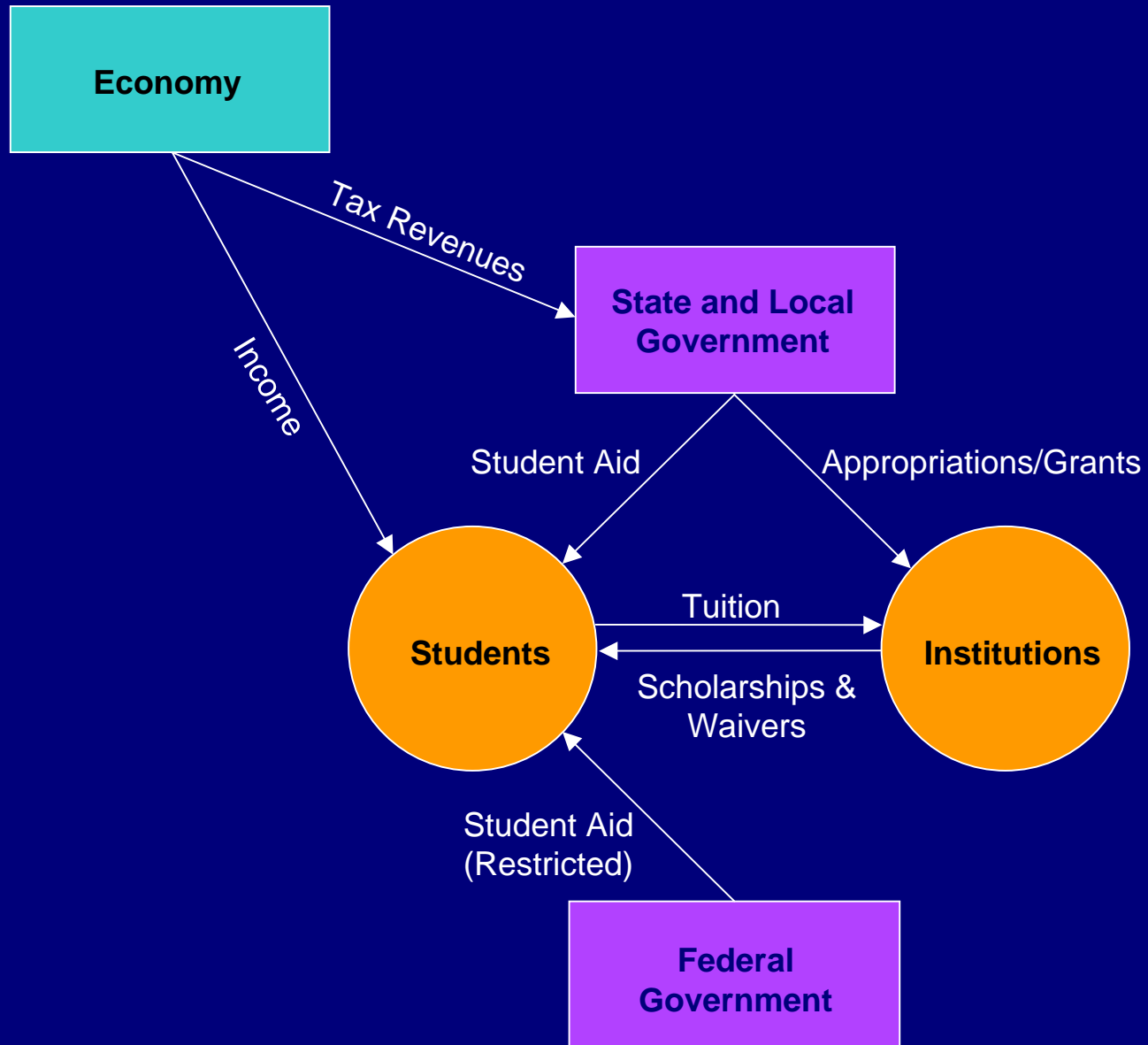
Source: Tom Mortenson, Postsecondary Opportunity (Data from U.S. Dept. of Education)

# *Alignment of Policies*

## **Regarding:**

- Appropriations to Institutions
- Tuition and Fees
- State Student Financial Aid
- Institutional Student Financial Aid

# *The Flow of Funds*



# *The Two Purposes of State Funding Policy*

- Build Core Capacity—General Purpose Funding
- Promote Capacity Utilization Around State Priorities—Special Purpose Funding

# *Finance Policy—The Options*

	Institution Focused	Student Focused
Core Capacity	<ul style="list-style-type: none"><li>■ Base-Plus</li><li>■ Formulas</li><li>■ Investment Funds</li></ul>	Tuition and Aid Policy Focused on Revenue Generation
Capacity Utilization/ Public Agenda	Performance Funding	Tuition and Aid Policy Focused on Attainment of Specified Outcomes <ul style="list-style-type: none"><li>■ Need-Based</li><li>■ Merit-Based</li></ul>

# *Basic Questions at State Level*

- How Much to Allocate
- To Which Recipients—Students or Institutions
- Using Which Mechanisms



# *Funding to Institutions—Core Capacity*

- Base-Plus
- Formulas
- Investment Funds

# *Funding to Students—Core Capacity— Revenue Generation*

- Base Institutional Tuition
- Mandatory Fees
- Out-of-State Tuition
- Differential Tuition
- Scholarships and Fellowships

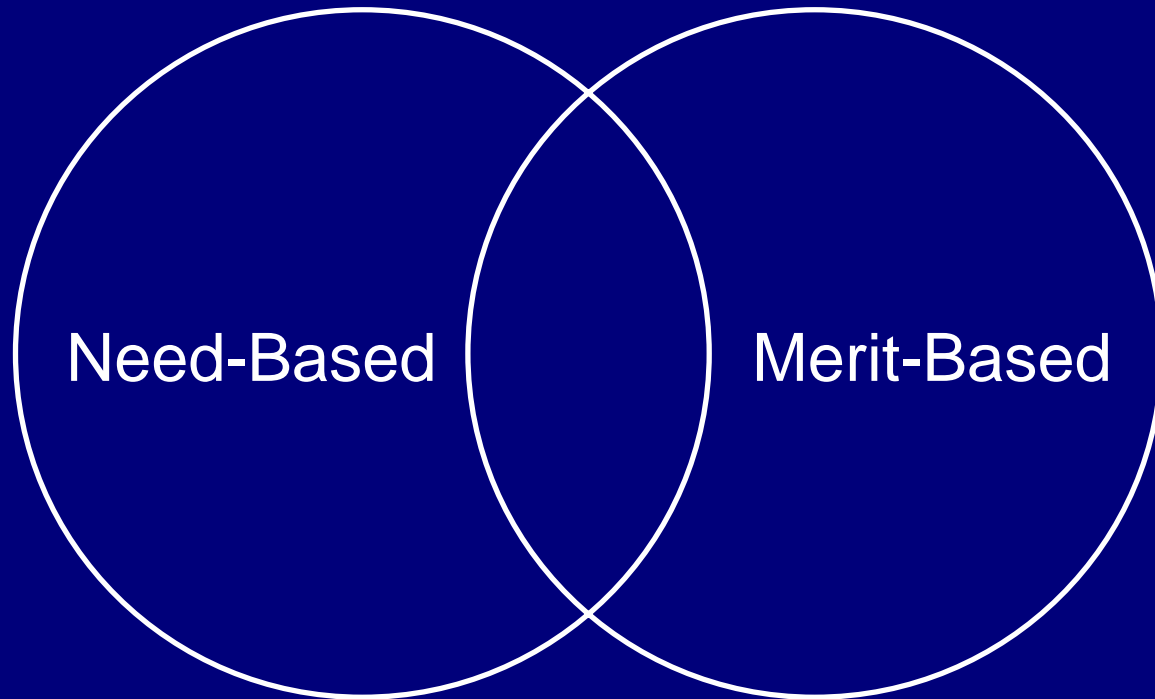
# *Funding Institutions—Capacity Utilization*

- Performance Funding

# *Funding Students—Capacity Utilization*

- Need-Based Aid
- Merit-Based Aid

# *Relationships Between “Need-Based” and “Merit-Based” Aid*



# *Conclusions*

## **Cost-Effective Policy Requires:**

- Clear Understanding of Priorities
- Creation/Maintenance of Necessary Capacity
- Alignment of Policies Concerning:
  - Institutional Support
  - Tuition and Fees
  - State Student Financial Aid
  - Institutional Student Financial Aid

# *Achieving Alignment*

- No Simple Answers
- Shared Information About Key Factors Is Crucial
  - Adequacy of Institutional Funding
  - Affordability to Students
  - Availability of State Funding

(continued)

## *Achieving Alignment (cont.)*

- Common Interpretation Is Similarly Crucial
  - Institutional Funding Is Adequate/Inadequate
  - Cost of Attendance Is Affordable/Unaffordable
  - State Resources Will Be Available/Unavailable
- Develop an Overall Strategy that Fits the Circumstances
- Develop “Compacts” Between State and Institutions